



# Mexico-U.S. Relations: Issues for Congress

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## Summary

The United States and Mexico have a close and complex bilateral relationship, with extensive economic linkages as neighbors and partners under the North American Free Trade Agreement (NAFTA). In recent years, security issues have dominated U.S.-Mexican relations, as the United States has supported Mexican President Felipe Calderón's campaign against drug trafficking organizations (DTOs) through bilateral security cooperation initiatives including the Mérida Initiative, an anti-crime and counterdrug assistance package first funded in FY2008. Immigration and border security have also returned to the forefront of the bilateral agenda since Arizona enacted a controversial state law against illegal immigration (S.B. 1070) on April 23, 2010. In late July 2010, a federal judge blocked large parts of S.B. 1070 from taking effect pending the results of a U.S. Department of Justice lawsuit challenging its constitutionality. In response to rising concerns about border security, President Obama has deployed 1,200 National Guard troops to support law enforcement efforts along the U.S.-Mexico border and Congress has approved \$600 million in supplemental funds for border security (P.L. 111-230).

Now in the fourth year of his six-year term, President Calderón of the conservative National Action Party (PAN) is focused on restarting the Mexican economy, which contracted by 7% in 2009 (largely as a result of the U.S. recession), and combating drug traffickers and organized criminal groups. Although the Calderón Administration has arrested several top drug kingpins, the persistent and increasingly brazen violence committed by the DTOs has led to significant criticism of Calderón's anti-drug strategy. As the 2012 presidential elections approach, the Mexican Congress, which is now dominated by the Institutional Revolutionary Party (PRI), could be reluctant to give President Calderón any major legislative victories. The PRI won nine of the twelve governorships contested in the July 4, 2010 elections, while the PAN's alliance with the leftist Party of the Democratic Revolution (PRD) captured three governorships.

In recent years, U.S.-Mexican relations have grown stronger as the two countries have worked together to combat drug trafficking and secure their shared border. On May 19, 2010, President Calderón traveled to Washington D.C. for a state visit with President Obama during which both leaders reaffirmed their commitment to working together on a wide range of bilateral issues. The Obama Administration asked for \$346.6 million in assistance for Mexico in its FY2011 budget request, including \$310 million in Mérida Initiative funding.

The 111<sup>th</sup> Congress has maintained an active interest in Mexico with counternarcotics, border, and trade issues dominating the agenda. To date, Congress has appropriated some \$1.5 billion in assistance for Mexico under the Mérida Initiative, including \$175 million in funds for justice sector programs included in the FY2010 Supplemental Appropriations Act (H.R. 4899/P.L. 111-212). Congress is likely to maintain a keen interest in how implementation of the Mérida Initiative and related border security initiatives are proceeding, particularly now that National Guard troops are being sent to the Southwest border. Congress may also consider proposals for comprehensive immigration reform. On the trade front, Congress is likely to maintain interest in how the Obama Administration moves to resolve the current trucking dispute with Mexico now that P.L. 111-117 would permit the resumption of a U.S.-funded pilot program for Mexican trucks. This report will be updated.

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## Recent Developments

On September 1, 2010, President Felipe Calderón submitted his fourth state of the union address to the Mexican Congress in writing. The report highlights progress that his government has made in overcoming the challenges it faced in 2009, including the fact that it has created 500,000 new jobs, expanded healthcare, and built record numbers of roads. While security challenges have continued, the report says that the government has made inroads in breaking up the leadership of organized criminal groups and in weeding out corrupt Mexican police.

On August 30, 2010, Mexican Federal Police captured Edgar Valdes Villareal, a U.S. citizen who is one of the top leaders of the Beltran Leyva drug trafficking organization (DTO).

On August 30, 2010, Mexico's Federal Police Commissioner announced that roughly 3,200 officers (9% of the force) had been fired for substandard performance.

On August 29, 2010, armed gunmen murdered Mayor Marco Antonio Leal Garcia of Hidalgo, Tamaulipas.

On August 26, 2010, the Government of Mexico announced a national strategy and new legislation to combat money laundering and terrorist financing.

On August 24, 2010, Mexican marines discovered the bodies of 72 migrants from Central and South America who had been shot by drug traffickers for apparently refusing to participate in their organized criminal activities at a ranch in Tamaulipas. Mexican officials have since found the slain body of the state prosecutor who had been investigating the case. (see "Mexico's Immigration Policies" below.)

On August 24, 2010, the U.N. Special Rapporteur for Freedom of Opinion and Expression issued a preliminary report on his recent visit to Mexico in which he expressed grave concerns about acts of violence and intimidation against journalists in Mexico, a country in which some 64 journalists have died and 11 have disappeared since 2000.

On August 20, 2010, six municipal policeman in Santiago, Nuevo León were arrested for their alleged involvement in the August 18, 2010 assassination of Mayor Edelmiro Cavazos.

On August 12, 2010, President Obama signed P.L. 111-230, a measure which provides \$600 million in supplemental funds for U.S. law enforcement efforts along the Southwest Border. (See "Related Southwest Border Initiatives and FY2010 Supplemental Appropriations for Border Security" below.)

On August 3, 2010, President Calderón announced that more than 28,000 individuals died as a result of drug trafficking related-violence between December 2006 and July 2010.

On August 1, 2010, roughly 1,200 National Guard troops began the process of deploying to the Southwest border to serve for one year in law enforcement support roles.

On July 29, 2010, the Mexican army killed Ignacio Coronel Villarreal, one of Mexico's most wanted drug traffickers from the Sinaloa DTO.

On July 29, 2010, a federal judge blocked large parts of S.B. 1070, Arizona's controversial new state law against illegal immigration, from taking effect pending the results of a U.S. Department of Justice lawsuit challenging its constitutionality. (See "Reactions to S.B. 1070" below.)

On July 29, 2010, President Obama signed the FY2010 Supplemental Appropriations Act (P.L. 111-212), which includes \$175 million in assistance for justice sector programs in Mexico subject to the same human rights conditions as in P.L. 111-8 and \$5 million in funds for emergency diplomatic security support in Mexico. (See "Funding the Mérida Initiative" below.)

On July 21, 2010, the U.S. Government Accountability Office (GAO) issued a report showing that some \$790.9 million of the \$1.3 billion in Mérida Initiative funds appropriated for Mexico as of that time had been obligated (\$669.7 billion) or expended (\$121.2 billion) by March 31, 2010. The GAO recommended that the State Department develop better performance measures to track progress under Mérida (See "'Status of Implementation'" below.)

On July 15, 2010, a car bomb exploded in Ciudad Juárez, Chihuahua, raising concerns that Mexican drug traffickers may be engaging in domestic terrorism or using insurgency tactics.

On July 4, 2010, Mexico held state and local elections amidst continued drug trafficking-related violence. In the gubernatorial contests, the Institutional Revolutionary Party (PRI) won nine states, but PAN-Party of the Democratic Revolution (PRD) alliance candidates won three states long held by the PRI (Oaxaca, Puebla, and Sinaloa).

On June 28, 2010, armed gunmen assassinated Rodolfo Torre Cantu, the PRI candidate for governor of Tamaulipas, along with six other individuals.

On June 10, 2010, Attorney General Eric Holder announced that 2,200 individuals had been arrested in the United States as a result of a 22-month multiagency operation against Mexican DTOs known as "Project Deliverance."

On June 7, 2010, a Mexican youth died at the El Paso-Ciudad Juárez border crossing after being shot by a U.S. Border Patrol Agent. U.S. officials said that the agent was defending himself against rock throwers who had illegally crossed into the U.S. side of the border.

On May 25, 2010, the Mexican Attorney General's Office arrested Gregorio Sanchez, the mayor of Cancún and PRD candidate for governor of Quintana Roo, on charges of colluding with organized crime and money laundering.

On May 20, 2010, President Calderón addressed a joint session of Congress. During his address, Calderón thanked lawmakers for supporting the Mérida Initiative, but asked for increased U.S. cooperation in reducing arms trafficking, including suggesting possible reinstatement of the assault weapons ban that lapsed in 2004.

On May 19, 2010, President Obama welcomed President Calderón to the White House for a state visit. President Obama praised Calderón's "vision and courage," and said that his visit signaled "another step forward in a new era of cooperation and partnership between our countries—a partnership based on mutual interests, mutual respect and mutual responsibility."

**Figure I. Map of Mexico, Including States and Border Cities**



**Source:** Map Resources, adapted by CRS.



## Background on Mexico

### Political Developments

Over the past decade, Mexico has moved from one-party rule by the PRI to multi-party democracy. Current PAN President Felipe Calderón won the July 2006 presidential election in an extremely tight race, defeating Andrés López Obrador of the leftist PRD by less than 234,000 votes. The presidential race was so close that final results were not announced until early September 2006, when the Federal Electoral Tribunal completed adjudication of all the challenges to those results. Calderón began a six-year term on December 1, 2006.

In the first half of his term, President Calderón, whose PAN party became the largest party in the Senate and Chamber of Deputies after the 2006 legislative elections, had some success in turning to the PRI for help in advancing his legislative agenda. In 2007, he secured passage of long-awaited fiscal and pension reforms that had stalled under the Fox Administration. In June 2008, President Calderón signed a judicial reform decree after securing the approval of Congress and Mexico's states for an amendment to Mexico's Constitution. Under the judicial reform, Mexico will have eight years to move from a closed door process based on written arguments to a public trial system with oral arguments and the presumption of innocence. In October 2008, the government secured approval of an energy sector reform intended to improve the transparency and management flexibility of state-oil company, *Petroleos Mexicanos* (PEMEX). Critics maintained that its watered-down provisions, which provide only limited opportunities for private investment in the company, would not do enough to encourage new oil exploration.<sup>1</sup>

In the months leading up to the July 5, 2009 midterm elections, most polls indicated that the PRI would fare well as compared to the PAN and the PRD. The PRI performed even better than polls had suggested, capturing 237 of 500 seats in the Chamber of Deputies, five of six governorships, and several municipalities. Analysts have attributed the PRI's strong performance to growing popular concern about the country's economic downturn, as well as the party's effective use of its still formidable national machinery. Although President Calderón remained popular, the PAN lost seats in the Chamber (from 206 to 147) and two key governorships, with voters expressing frustration with the party's failure to distinguish itself from the PRI. (The PAN still controls the Senate, however.) The PRD fared even worse than the PAN in the mid-term elections, winning just 72 seats in the Chamber, as internal divisions within the party led Andrés Lopez Obrador to throw his support behind left-leaning candidates from smaller parties, many of whom won.

The composition of the current Congress, which was sworn in on September 1, 2009, has complicated President Calderón's agenda for the second half of his term, which had included enacting a package of comprehensive political reforms. The PRI, which, combined with the support of the allied Green Ecological Party (PVEM) party, now controls a majority in the Chamber, appears to be trying to use its position to gear up for the 2010-2011 gubernatorial elections and the 2012 presidential election. However, many observers maintain that the PRI is unlikely to block any major security or economic stimulus initiatives, given the severity of the drug violence and economic challenges that Mexico is facing. Moreover, the PRI is expected to

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<sup>1</sup> Alexandra Olson, "Mexico Approves Oil Reform Bill in General Terms, Experts Call it Disappointment for Investors," *AP*, October 28, 2008.

be more cooperative now than it was after winning a majority in the 2003 elections, for fear of being dismissed by voters in 2012 as obstructionist.<sup>2</sup>

This year, political attention in Mexico has focused on the state and local elections being held in 15 states as a harbinger of how the major parties are likely to perform in the 2012 presidential elections. Despite an electoral campaign marred by drug trafficking-related violence, which culminated in the June 28, 2010 killing of a popular gubernatorial candidate in Tamaulipas, voters in most states turned out in larger numbers than had been expected for the July 4, 2010 elections.<sup>3</sup> The PRI claimed victory in nine states, but lost three states it had previously controlled (Sinaloa, Oaxaca, and Puebla) to candidates representing alliances of the PAN, PRD, and other small left-leaning parties. Although some “Stop the PRI” alliances performed better than analysts had predicted, the divergent ideological orientations of the parties they involve could make governing difficult. It remains to be seen whether similar alliances can be formed in other states and at the national level (either in the Congress or for the 2012 presidential race).<sup>4</sup>

## **Drug Trafficking and Heightened Violence and Crime in Mexico<sup>5</sup>**

Mexico is a major producer and supplier to the U.S. market of heroin, methamphetamine, and marijuana and the major transit country for as much as 90% of the cocaine sold in the United States. A small number of Mexican drug trafficking organizations, often referred to as “drug cartels,”<sup>6</sup> control the most significant drug distribution operations along the Southwest border. U.S. government reports have characterized Mexican drug trafficking organizations as representing the “greatest organized crime threat” to the United States today.<sup>7</sup> Mexican DTOs have expanded their U.S. presence by increasing their transportation and distribution networks, as well as displacing other Latin American traffickers, primarily Colombians.<sup>8</sup> In the past few years, the violence and brutality of the Mexican DTOs have escalated as an increasing number of groups have battled each other for control of lucrative drug trafficking routes into the United States.<sup>9</sup>

Since taking office in December 2006, President Calderón has made combating DTOs a top priority of his administration. He has called increasing drug trafficking-related violence in Mexico a threat to the Mexican state and has sent thousands of soldiers and police to drug trafficking “hot-spots” in throughout Mexico. Joint deployments of federal military and police officials are just one part of the Calderón government’s strategy against the DTOs. That strategy involves (1) deploying the military to restore law and order, (2) expanding law enforcement operations, (3) initiating institutional reform and anti-corruption initiatives, (4) recovering social cohesion and trust, and (5) building up international partnerships against drugs and crime (like the

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<sup>2</sup> “Country Report: Mexico,” *Economist Intelligence Unit*, August 2010.

<sup>3</sup> Marc Lacey, “Mexican Democracy, Even Under Siege,” *New York Times*, July 5, 2010.

<sup>4</sup> “Alliance Surpasses Expectations in Mexican Gubernatorial Elections,” *Latin American Weekly Report*, July 8, 2010.

<sup>5</sup> For more information, see CRS Report R41349, *U.S.-Mexican Security Cooperation: the Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea.

<sup>6</sup> The term drug cartel remains the term used colloquially and in the press, but some experts disagree with this because “cartel” often refers to price-setting groups and it is not clear that Mexican drug cartels are setting illicit drug prices.

<sup>7</sup> U.S. Department of Justice’s National Drug Intelligence Center (NDIC), *2009 National Drug Threat Assessment*, December 2008.

<sup>8</sup> NDIC, *2010 National Drug Threat Assessment*, February 2010.

<sup>9</sup> CRS Report R40582, *Mexico’s Drug-Related Violence*, by June S. Beittel.

Mérida Initiative).<sup>10</sup> President Calderón has also used extradition as a major tool to combat drug traffickers, extraditing a record 107 individuals in 2009. These efforts, combined with increased collaboration and intelligence-sharing with U.S. law enforcement agencies, have resulted in some significant government victories against the DTOs, including the December 2009 killing of Arturo Beltrán Leyva and the July 2010 killing of Ignacio Coronel Villarreal.

Despite these victories, the persistent and increasingly brazen violence committed by the drug traffickers, which has occurred partially in response to government pressure, has led to increasing criticism of Calderón's aggressive anti-drug strategy. According to recent Mexican government estimates, more than 28,000 died in drug trafficking related-violence between December 2006 and July 2010.<sup>11</sup> That figure, which was released in early August 2010, is substantially higher than those that have been reported by Mexican media outlets. According to *Grupo Reforma*, this year some 7,211 Mexicans have died in drug trafficking-related violence as of August 13, 2010, a total which is higher than the 6,500 deaths recorded for all of 2009.<sup>12</sup>

Many experts assert that, in order to regain popular support for its security policies, the Calderón government will have to show success in dismantling the DTOs, while also reducing drug trafficking-related violence. Calderón officials consulted with local and state officials to revise the government's military-led strategy for Ciudad Juárez after the massacre of 15 civilians, many of them teenagers, at a private home there in late January 2010. The new strategy that the Calderón government has developed, "We Are All Juárez", involves significant federal government investments in education, job training, and community development programs to help address some of the underlying factors that have contributed to the violence. It also involved an April 2010 shift from military to federal police control over security efforts in the city, a strategy shift which has yielded mixed results.<sup>13</sup> Throughout August 2010, President Calderón conducted a series of consultations with academics, policy makers, and civil society leaders on the direction that Mexican security policy should take.

U.S. concern about the violence in Mexico has intensified since March 13, 2010, when gunmen killed an American consular officer and her husband, an El Paso prison guard, after they had attended a children's birthday party in Ciudad Juárez, Mexico. In a separate incident the same day, gunmen killed the husband and wounded the two children of a Mexican employee of the U.S. Consulate who had attended the same party. The Mexican government's ongoing investigation into these murders has received significant support from the Federal Bureau of Investigation and other U.S. agencies. Thus far several Barrio Azteca gang members have been arrested in connection with the deaths.<sup>14</sup>

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<sup>10</sup> Embassy of Mexico, Washington, DC. "Mexico and the Fight Against Drug Trafficking and Organized Crime: Setting the Record Straight," press release, June 2009, p. ii. President Calderón further expounded on this strategy in an editorial published in Mexican newspapers on June 13, 2010. It is available in Spanish at [http://www.presidencia.gob.mx/prensa/lucha\\_seguridad\\_publica/index.html](http://www.presidencia.gob.mx/prensa/lucha_seguridad_publica/index.html).

<sup>11</sup> "Mexico Revises Murder Toll Upwards," *Jane's Intelligence Weekly*, August 4, 2010.

<sup>12</sup> For an explanation of why *Reforma* data on drug trafficking-related deaths are preferred over other sources, see Trans-Border Institute (TBI), *Drug Violence in Mexico: Data and Analysis from 2001-2009*, January 2010, available at [http://www.justiceinmexico.org/resources/pdf/drug\\_violence.pdf](http://www.justiceinmexico.org/resources/pdf/drug_violence.pdf); For recent statistics, see TBI, *Justice in Mexico: August 2010 News Report*, August 2010.

<sup>13</sup> Ken Ellingwood, "Mexico Takes Different Tack on Juárez Violence," *Los Angeles Times*, July 12, 2010.

<sup>14</sup> The Barrio Azteca (BA) gang is a violent U.S. prison gang that originated in El Paso, Texas in the mid-1980s. By the late 1990s, BA had begun collaborating with the Sinaloa drug trafficking organization in Mexico. However, when the Juárez DTO split off from the Sinaloa DTO in 2008, BA maintained an allegiance with the Juárez organization. A (continued...)

The prevalence of drug trafficking-related violence within and between the DTOs in Mexico—and particularly in those areas of Mexico near the U.S.-Mexico border—has generated concern among U.S. policy makers that this violence might spill over into the United States.<sup>15</sup> In particular, an increase in violence in Mexican cities such as Juárez and Nuevo Laredo has sparked fears that the violence may spill into the neighboring U.S. “sister cities” of El Paso and Laredo. Currently, U.S. federal officials deny that the increase in drug trafficking-related violence in Mexico has resulted in a significant spillover of violence into the United States, but recognize that incidents of violence have occurred and that the potential for increased violence does exist.<sup>16</sup>

## Economic Crisis and Nascent Recovery<sup>17</sup>

Mexico’s economy is strongly dependent on economic conditions in the United States because more than 80% of its exports are destined for the U.S. market and the United States is its primary source of tourism revenues and foreign investment. The Mexican economy grew 3.3% in 2007, the first year of the Calderón government. Slower growth was already anticipated for 2008 due in part to decreasing consumer demand in the United States, declining Mexican oil production, and slow growth in remittances sent by Mexicans abroad. The global financial crisis, which caused a run on the Mexican peso, further reduced GDP growth in 2008 to just 1.4%. For 2009, the Mexican economy contracted by approximately 7%, the worst decline in six decades. Experts do not expect Mexico’s real GDP to recover 2008 levels until 2011.<sup>18</sup>

In 2009, the Calderón government struggled to cope with the combined effects of the U.S. and global recessions, a nationwide outbreak of H1N1 “swine” flu, and declining oil production. The U.S. recession resulted in steep declines in demand for Mexican exports, particularly in the manufacturing sector. Mexico’s exports to the United States declined by 18.5% in 2009 as compared to the previous year.<sup>19</sup> The economic decline in the United States also resulted in declining remittance flows to Mexico. In 2009, remittances to Mexico fell to an estimated \$21.2 billion, the lowest level since 2005. These developments were further exacerbated by the outbreak of pandemic H1N1 “swine flu” in April 2009, which prompted the government to close restaurants, schools, and retail establishments for nearly two weeks. The tourism industry, Mexico’s third largest foreign exchange earner, was especially hard hit by the outbreak, with a 50% drop in income earned by foreign visitors in May 2009 as compared to the year before.<sup>20</sup>

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(...continued)

branch of BA is active in Ciudad Juárez, Chihuahua, and is commonly referred to as the “Aztecas” gang. For information on BA arrests and the U.S. consular killings, see, for example, Adriana Gómez Licón, “Two ‘Barrio Azteca’ Gang Members Arrested for Murder of U.S. Consulate Employee,” *El Paso Times* and *AP*, July 3, 2010,

<sup>15</sup> CRS Report R41075, *Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence*, coordinated by Kristin M. Finklea.

<sup>16</sup> See for example, testimony of Mariko Silver, Assistant Secretary (Acting), DHS, Office of International Affairs, before a joint House Homeland Security Committee, Subcommittee on Border, Maritime, and Global Terrorism and House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, *U.S.-Mexican Security Cooperation: Next Steps for the Mérida Initiative*, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., May 27, 2010.

<sup>17</sup> For background on the Mexican economy and U.S.-Mexican economic relations, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

<sup>18</sup> “Country Report: Mexico,” *EIU*, January 2010.

<sup>19</sup> Based on data from the United States International Trade Commission (USITC) dataweb.

<sup>20</sup> “Mexico Foreign Tourism Income Sinks 29% in June,” *Reuters*, August 10, 2009.

Declining oil prices and production also provided economic setbacks for Mexico, which depends on oil proceeds for over one-third of government revenue.

The Calderón government took a number of measures to cushion the Mexican economy from the fallout of the global economic crisis and the U.S. recession. The government used billions in its international reserves to shore up the peso, and the Mexican central bank established a temporary reciprocal currency swap line with the U.S. Federal Reserve for up to \$30 billion. The government also hedged its oil exports for 2009 at a price of \$70 a barrel in an effort to protect the economy from the decline in oil prices. The central government increased liquidity in the banking system, including multiple cuts in the prime policy lending rate. It also increased its credit lines with the World Bank, International Monetary Fund, and Inter-American Development Bank. In 2009, Mexico's fiscal stimulus amounted to 2.5% of GDP and was targeted on infrastructure spending and subsidies for key household budget items, namely those reducing energy costs. Government programs to support small and medium-sized businesses, worker training, job creation, and social safety nets were maintained and, in some cases, expanded.<sup>21</sup>

The Mexican economy has begun to recover from the 2009 economic crisis as a result of stimulus measures and a resumption in demand for Mexican exports. Economic growth picked up in the third and fourth quarters of 2009, and experts are predicting that the Mexican economy may grow by as much as 4.6% in 2010 before slowing to 3.3% in 2011.<sup>22</sup> Nevertheless, downgrades of Mexico's credit rating in late 2009 (still investor grade) reflect growing concern over Mexico's financial position in light of its low tax base and over-reliance on oil revenues. Analysts are also increasingly concerned that drug trafficking-related violence may deter foreign investment in some parts of the country, including the business capital of Monterrey and the export processing zones of northern Mexico.

As elsewhere in Latin America, there are concerns that the economic downturn in Mexico has negatively impacted the country's recent progress in reducing poverty. Mexico, with a population of almost 110 million, is classified by the World Bank as an upper middle income developing country, with a per capita income level of \$9,980 (2008). According to officials from the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the percentage of Mexicans living in poverty fell between 2000 and 2006, but rose again between 2006 and 2008 to include roughly 45% of the population. ECLAC has also estimated that the number of individuals living in extreme poverty in Mexico and Central America increased by 800,000 in 2009.<sup>23</sup>

Mexico's main poverty reduction program is *Oportunidades* (Opportunities). The program, formerly known as *Progresá* (Progress), began under President Ernesto Zedillo (1994-2000) and has since expanded to benefit 5 million Mexican families (25 million individuals). *Oportunidades* seeks not only to alleviate the immediate effects of poverty through cash and in-kind transfers, but to break the cycle of poverty by improving nutrition, health standards, and educational attainment. It provides cash transfers to families in poverty who demonstrate that they regularly attend medical appointments and can certify that children are attending school. While some have

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<sup>21</sup> ECLAC. *The Reactions of the Governments of the Americas to the International Crisis: An Overview of Policy Measures up to 31 March 2009*. April 2009.

<sup>22</sup> "Country Report: Mexico," *EIU*, August 2010.

<sup>23</sup> U.N. Economic Commission for Latin America and the Caribbean, *Statistical Yearbook for Latin America and the Caribbean 2008*; "ECLAC: Extreme Poverty Up in 2009 in Mexico, Central America," *Latin American Herald Tribune*, January 23, 2010.



praised *Oportunidades* for its positive effects on educational and nutrition outcomes, others have criticized it for creating dependency on government handouts.<sup>24</sup> On April 9, 2009, the World Bank approved a \$1.5 billion loan to Mexico to expand the *Oportunidades* program in an effort to relieve the social impact of the economic downturn.

## Foreign Policy Challenges

While the bilateral relationship with the United States has continued to dominate Mexican foreign policy, former President Fox (2000-2006) and current President Calderón have pursued more diversified foreign policies than their recent predecessors. The Fox Administration pursued other policy initiatives after the September 2001 terrorist attacks turned U.S. attention away from Mexico and toward the Middle East. Mexico held a temporary seat on the U.N. Security Council in 2002 and 2003 and voted against the U.S. invasion of Iraq, which disappointed the Bush Administration. Fox promoted Plan Puebla-Panama, now called the Mesoamerican Plan, a series of energy, infrastructure, and regional connectivity initiatives with Central America. He attempted to revive the G-3 group trade preferences (Colombia, Venezuela, and Mexico); however, Venezuela formally withdrew from the group in November 2006. Fox also sought better ties with countries in South America. He attempted to expand trade with the European Union under the EU-Mexico free trade agreement (FTA) that went into effect in July 2000, and with Japan under the Mexico-Japan FTA that entered into force in April 2005.<sup>25</sup>

President Calderón has sought to pursue an independent foreign policy with even closer ties to Latin America. Calderón regularly met with former Colombian President Álvaro Uribe, with whom he formed a partnership, along with the leaders of Guatemala and Panama, to combat drug trafficking and organized crime. In 2009, the Colombian government sent dozens of police trainers to teach courses at Mexico's federal police training institute. Calderón is likely to continue close collaboration with Colombia under the new government of Juan Manuel Santos. In August 2009, President Calderón visited Brazil to discuss the possibility of forming a Brazil-Mexico FTA, as well as developing greater energy cooperation between PEMEX and Petrobras, Brazil's state-owned oil company. Security cooperation between Mexico and the Central American Integration System (SICA) has also expanded under President Calderón. Progress has also continued to advance, albeit slowly, on the Mesoamerican Project mentioned above. The Calderón government attempted to help resolve the political crisis in Honduras after the ouster of former president Manuel Zelaya in June 2009, and has recognized the new government of Porfirio Lobo. The Mexican government also sent financial support and humanitarian supplies to Haiti in the aftermath of the devastating earthquake that hit that country in January 2010.

President Calderón has also tried to mend relations with Cuba and Venezuela, which had become tense during the Fox Administration. In September 2007, Mexican and Venezuelan ambassadors presented credentials to the respective governments, restoring full relations for the first time since November 2005. In May 2004, President Fox recalled Mexico's ambassador to Cuba; ambassadors were later restored, but relations between the two countries remained tense through the remainder of the Fox administration. A Cuban ambassador to Mexico also presented his credentials to President Calderón in September 2007. In November 2008, a Mexico-Cuba

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<sup>24</sup> Santiago Levy, *Good Intentions, Bad Outcomes – Social Policy, Informality and Economic Growth in Mexico*. Washington D.C.: Brookings Institution, April 2008.

<sup>25</sup> For more information, see CRS Report R40784, *Mexico's Free Trade Agreements*, by M. Angeles Villarreal.

agreement intended to help slow the trafficking of undocumented Cubans passing through Mexico to the United States took effect.<sup>26</sup>

## **Mexican-U.S. Relations**

### **Background**

Until the early 1980s, Mexico had a closed and statist economy and its independent foreign policy was often at odds with the United States. Those policies began to shift, however, under President Miguel de la Madrid (1982-1988), and changed even more dramatically under President Carlos Salinas de Gortari (1988-1994) and President Ernesto Zedillo (1994-2000). Presidents Salinas opened Mexico's economy to trade and investment, while President Zedillo adopted electoral reforms that leveled the playing field for opposition parties and increased cooperation with the United States on drug control and border issues.

President Fox (2000-2006) encouraged strong relations with the United States, and called for greater cooperation under NAFTA and for a bilateral migration agreement that would regularize the status of undocumented Mexicans in the United States. In the aftermath of the September 2001 terrorist attacks in the United States, the focus of relations shifted to border security issues as the United States became increasingly concerned about homeland security. Relations became strained during the debate on immigration reform in the United States. After President Bush approved the Secure Fence Act of 2006, Mexico, with the support of 27 other nations, denounced the proposed border fence at the Organization of American States.

Under the Calderón government, drug trafficking and violence, border security, and immigration have continued to define the bilateral relationship. Felipe Calderón made his first official visit to the United States as President-elect in early November 2006, after first visiting Canada and some Latin American countries. During his visit, Calderón criticized the authorization of 700 miles of fencing along the U.S.-Mexico border and noted that it complicated U.S.-Mexico relations. He asserted that job creation and increased investment in Mexico would be more effective in reducing illegal migration from Mexico than a border fence. Calderón signaled a shift in Mexican foreign policy when he noted that while immigration is an important issue in the bilateral relationship, it is not the only issue, as trade and economic development are also important.

President Calderón reiterated these concerns during President Bush's March 2007 visit to Mexico. During the visit, President Calderón also called for U.S. assistance in combating drug and weapons trafficking. Specifically, Calderón promised to continue his efforts to combat drug trafficking and called for U.S. efforts to reduced the demand for drugs. Calderón's willingness to increase narcotics cooperation with the United States led to the development of the Mérida Initiative, a multi-year U.S. assistance effort announced in October 2007 to help Mexico and Central America combat drug trafficking and organized crime.

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<sup>26</sup> "Cuban Envoy to Mexico Says Migration Agreement to Halt People Trafficking," *BBC Monitoring Americas*, November 20, 2008.

## Obama Administration

U.S.-Mexican relations have continued to be close under the Obama Administration, largely focusing on cooperation in combating organized crime and drug trafficking. In mid-January 2009, President Calderón visited then President-elect Obama in Washington D.C. That pre-inaugural meeting, which has become somewhat of a tradition for recent U.S. presidents, demonstrated the importance of strong relations with Mexico.

Secretary of State Hillary Clinton traveled to Mexico City and Monterrey, Mexico, on March 25-26, 2009 to discuss a broad range of bilateral issues, including cooperation under the Mérida Initiative. The Secretary asserted that the U.S. relationship with Mexico “is one of the most important relationships between any two countries in the world” and that both countries “need a strong and sustained partnership, one based on comprehensive engagement, greater balance, shared responsibility, and joint efforts to address hemispheric and global issues.”<sup>27</sup> During her visit, Secretary Clinton and Mexican Foreign Minister Patricia Espinosa announced the creation of a new bilateral implementation office in Mexico where Mexican and U.S. officials will work together on efforts to combat drug traffickers and associated violence. Perhaps most significantly, Secretary Clinton criticized the failure of U.S. antidrug policy and acknowledged that an “insatiable demand for illegal drugs” in the United States “fuels the drug trade.”<sup>28</sup>

Clinton’s visit to Mexico was followed in early April 2009 with trips by Homeland Security Secretary Napolitano and Attorney General Holder where they met with Mexican officials and attended an arms trafficking conference. Both officials emphasized new efforts by their agencies to combat the drug cartels, including the deployment of additional personnel and resources to support anti-gun trafficking and interdiction efforts, as well as law enforcement cooperation.

On April 16-17, 2009, President Barack Obama traveled to Mexico to meet with President Calderón. The two presidents discussed cooperation in the fight against drug-related violence, immigration reform, and a new bilateral framework on clean energy and climate change. During the visit, President Obama acknowledged the U.S. demand for drugs was helping to keep the Mexican drugs traffickers in business, and that “more than 90% of the guns recovered in Mexico come from the United States.”<sup>29</sup>

At the North American Leaders’ Summit in Guadalajara, Mexico in August 2009, President Obama praised Mexico’s response to the H1N1 swine flu outbreak and gave his full support for President Calderón’s struggle against the drug cartels. Obama stated that he has “great confidence in President Calderón’s administration applying the law enforcement techniques that are necessary to curb the power of the cartels, but doing so in a way that’s consistent with human rights.”<sup>30</sup> During the summit, President Obama, President Calderón, and Canadian Prime Minister

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<sup>27</sup> U.S. Department of State, Secretary of State Hillary Rodham Clinton, “Remarks with Mexican Foreign Secretary Patricia Espinosa After Their Meeting,” Mexico City, Mexico, March 25, 2009.

<sup>28</sup> Mark Lander, “Clinton Says Demand for Illegal Drugs in the U.S. ‘Fuels the Drug Trade’ in Mexico,” *New York Times*, March 26, 2009.

<sup>29</sup> “President Obama and Mexican President Felipe Calderón Hold News Conference,” *CQ Newsmaker Transcripts*, April 16, 2009.

<sup>30</sup> U.S. Department of State, “Press Release: North American Leaders Discuss Trade, H1N1 Flu, Climate Change,” August 10, 2009.



Harper pledged to work together to restore economic growth in North America, combat climate change, and prepare for the fall flu season.

Thus far in 2010, U.S.-Mexican consultations have continued to occur at the highest levels. On March 23, 2010, Secretary Clinton chaired a cabinet-level delegation to Mexico that included Defense Secretary Robert Gates, Chairman of the Joint Chiefs Admiral Michael Mullen, Homeland Security Secretary Napolitano, and then-Director of National Intelligence Admiral Dennis Blair. The delegation participated in a Mérida Initiative High-Level Group meeting with their Mexican counterparts at which they agreed to a new strategy for the Mérida Initiative. President Obama then welcomed President Calderón to the White House for a two-day state visit on May 19, 2010 during which the leaders pledged to continue working together to combat the organized criminal groups that traffic drugs into the United States and illicit weapons and cash into Mexico. They also reaffirmed their commitment to bilateral efforts to foster economic competitiveness, produce clean energy, and build a 21<sup>st</sup> century border

## U.S. Assistance to Mexico

Mexico, a middle income country, traditionally has not been a major recipient of U.S. foreign assistance, but this changed in FY2008 with congressional approval of the Administration's request for funding to support the Mérida Initiative (see "Mérida Initiative" section below). Because of the Mérida Initiative funding, U.S. assistance to Mexico rose from \$65 million in FY2007 to almost \$406 million in FY2008. **Table 1** provides an overview of recent U.S. assistance to Mexico funded through State Department aid accounts, while **Table 2** provides a breakdown of Mérida assistance by account. Aside from Mérida-related funding, Mexico receives development assistance aimed at reducing poverty and inequality and helping the Mexican economy benefit from the North American Free Trade Agreement. Mexico also benefits from military training programs funded through the State Department's International Military Education and Training Account (IMET), as well as counter-terrorism assistance provided through the Non-proliferation, Anti-terrorism and Related Programs (NADR) account.

**Table 1. U.S. Assistance to Mexico by Account, FY2007-FY2011**

U.S. \$ millions

Account	FY2007	FY2008 <sup>a</sup>	FY2009 <sup>ab</sup>	FY2010 (est.)	FY2011 req.
<b>INCLE</b>	36.7	242.1	454.0 <sup>e</sup>	365.0 <sup>f</sup>	292.0
<b>ESF</b>	11.4	34.7	15.0	15.0	10.0
<b>FMF</b>	0.0	116.5	299.0 <sup>d</sup>	5.3	8.0
<b>IMET</b>	0.1	0.4	0.8	1.1	1.1
<b>NADR</b>	1.3	1.4	3.9	5.7	5.7
<b>CSH<sup>c</sup></b>	3.7	2.7	2.9	3.5	0.0
<b>DA</b>	12.3	8.2	11.2	10.0	26.3
<b>TOTAL</b>	<b>65.4</b>	<b>405.9</b>	<b>786.8</b>	<b>405.6</b>	<b>346.6</b>

**Sources:** U.S. Department of State, Congressional Budget Justification for Foreign Operations FY2008-FY2011, FY2010 Supplemental Appropriations Act (P.L. 111-212).

**Notes:** CSH= Child Survival and Health; DA=Development Assistance; ESF=Economic Support Fund; FMF=Foreign Military Financing; IMET=International Military Education and Training; INCLE=International Narcotics Control and Law Enforcement; NADR=Non-proliferation, Anti-terrorism and Related Programs.

- a. FY2008 assistance includes funding from the Supplemental Appropriations Act, 2008 (P.L. 110-252). FY2009 assistance includes FY2009 bridge funding from the Supplemental Appropriations Act, 2008 (P.L. 110-252).
- b. FY2009 assistance includes funding from the Supplemental Appropriations Act, 2009 (P.L. 111-32).
- c. Beginning with the FY2010 request, the Child Survival and Health Account became known as Global Health and Child Survival—USAID.
- d. \$260 million provided under the FY2009 supplemental (P.L. 111-32) and counted here as FY2009 funding was considered by appropriators “forward funding” intended to address in advance a portion of the FY2010 request.
- e. \$94 million provided under P.L. 111-32 and counted here as part of FY2009 funding was considered by appropriators “forward funding” intended to address in advance a portion of the FY2010 request.
- f. \$175 million of this funding was provided in the FY2010 supplemental (P.L. 111-212).

On February 1, 2010, the Obama Administration submitted its FY2011 budget request to Congress. The request includes \$346.6 million in total assistance to Mexico, including \$310 million in assistance accounts that have funded the Mérida Initiative: \$292 million in International Narcotics and Law Enforcement (INCLE), \$8 million in Foreign Military Financing (FMF), and \$10 million in Economic Support Funds (ESF). Congress is still in the process of considering the FY2011 request. However, the Senate Appropriations Committee’s version of the FY2011 Department of State, Foreign Operations, and Related Programs Appropriations Act (S. 3676) appears to include \$120 million in assistance for Mexico: \$85 million in INCLE, \$25 million in Development Assistance (DA), and \$10 million in ESF. (see “New Mérida Initiative Strategy and the FY2011 Budget Request ” below.)

## Bilateral Cooperation on Counternarcotics and Security Efforts

In the 1980s and 1990s, U.S.-Mexican counternarcotics efforts were often marked by mistrust. Beginning in 1986, when the U.S. President was required to certify whether drug-producing countries and drug-transit countries were cooperating fully with the United States, Mexico often was criticized for its lack of efforts, which in turn led to Mexican government criticism of the U.S. assessment. Reforms to the U.S. drug certification process enacted in September 2002 (P.L. 107-228) essentially eliminated the annual drug certification requirement, and instead required the President to designate and withhold assistance from countries that had “failed demonstrably” to make substantial counternarcotics efforts.<sup>31</sup> In the aftermath of these reforms, U.S. bilateral cooperation with Mexico on counternarcotics efforts improved considerably during the Fox administration (2000-2006), and as described above, combating DTOs has become a priority of the current Calderón administration.

Until 2006, Mexico refused to extradite criminals facing the possibility of life without parole to the United States. However, two decisions by the Mexican Supreme Court facilitated extraditions to the United States. In November 2005, in a partial reversal of its October 2001 ruling, the Court found that life imprisonment without the possibility of parole is not cruel and unusual

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<sup>31</sup> See CRS Report 98-174, *Mexican Drug Certification Issues: U.S. Congressional Action, 1986-2002*, by K. Larry Storrs.

punishment. Then the Court ruled in January 2006 that U.S. extradition requests only need to meet the requirements of the 1978 bilateral extradition treaty, not Mexico's general law on international extradition that was promulgated in 1975. That decision made the extradition process easier. President Calderón has used extradition as a major tool to combat drug traffickers. Extraditions from Mexico rose from 41 in 2005 to a record 107 in 2009.

The State Department's 2010 International Narcotics Control Strategy report maintains that President Calderón's efforts against drug traffickers in 2009 continued at an "ambitious pace" in the face of an increasingly violent backlash from the DTOs. According to the report, those efforts resulted in the arrests of several significant DTO leaders and record methamphetamine seizures. In 2009, Mexican law enforcement also seized at least 20 metric tons (mt) of cocaine (up from 19 mt in 2008) and 665 kilograms of opium gum (up from 168 kilograms in 2008), while marijuana seizures were down. Challenges identified in the report include the continued opacity and inefficiency of the Mexican judicial system, corruption, and declines in government drug crop eradication efforts.

### Mérida Initiative<sup>32</sup>

The United States and Mexico issued a joint statement on October 22, 2007, announcing a multi-year plan for \$1.4 billion in U.S. assistance to Mexico and Central America to combat drug trafficking and other criminal organizations. The Mérida Initiative, named for the location of a March 2007 meeting between Presidents Bush and Calderón, expands bilateral and regional cooperation to combat organized crime, DTOs, and criminal gangs. The stated objective of the Mérida Initiative, according to the U.S. and Mexican government joint statement, is to maximize the effectiveness of efforts against drug, human, and weapons trafficking.<sup>33</sup> The Bush Administration first requested funds for Mérida, \$500 million for Mexico and \$50 million for Central America, in its FY2008 supplemental appropriations request.

**Table 2. Mérida Initiative Funding for Mexico by Aid Account and Appropriations Measure**

(\$ in millions)

Account	FY2008 Supp. (P.L. 110- 252)	FY2009 Bridge (P.L. 110- 252)	FY2009 (P.L. 111- 8)	FY2009 Supp. (P.L. 111- 32)	FY2010 (P.L. 111- 117)	FY2010 Supp. (P.L. 111- 212)	FY2011 Request	Account Totals
ESF	20.0	0.0	15.0	0.0	15.0	0.0	10.0	50.0
INCLE	215.5	48.0	246.0	160.0	190.0	175.0	292.0	1,034.5
FMF	116.5	0.0	39.0	260.0	5.3	0.0	8.0	420.8
<b>Total</b>	<b>352.0</b>	<b>48.0</b>	<b>300.0</b>	<b>420.0</b>	<b>210.3</b>	<b>175.0</b>	<b>310.0</b>	<b>1,505.3</b>

**Sources:** U.S. Department of State, FY2008 Supplemental Appropriations Spending Plan, FY2009 Appropriations Spending Plan, FY2009 Supplemental Spending Plan, and FY2010 Spending Plan; FY2010 Supplemental Appropriations Act (P.L. 111-212); Congressional Budget Justification for Foreign Operations FY2011.

<sup>32</sup> See CRS Report R41349, *U.S.-Mexican Security Cooperation: the Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea. For historical information, see CRS Report RS22837, *Mérida Initiative: U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*, by Clare Ribando Seelke.

<sup>33</sup> U.S. Department of State and Government of Mexico, "Joint Statement on the Mérida Initiative," October 22, 2007.

**Notes:** ESF=Economic Support Fund; FMF=Foreign Military Financing; INCLE=International Narcotics Control and Law Enforcement.

### *Funding the Mérida Initiative*

To date, Congress has appropriated a total of \$1.5 billion for Mexico under the Mérida Initiative. Legislative action on Mérida appropriations has included the following:

- In June 2008, the 110<sup>th</sup> Congress appropriated \$352 million in FY2008 supplemental assistance and \$48 million in FY2009 bridge fund supplemental assistance for Mexico in P.L. 110-252, the FY2008 Supplemental Appropriations Act. Congress divided the funding for Mexico in P.L. 110-252 between the INCLE, FMF, and ESF accounts. Congress limited the amount of FMF and INCLE available to provide equipment to the Mexican military and made 15% of FMF and IMET contingent on meeting certain human rights conditions.<sup>34</sup> Congress also earmarked \$73.5 million for judicial reform, institution building, rule of law, and anti-corruption activities.
- In March 2009, the 111<sup>th</sup> Congress passed the Omnibus Appropriations Act, (P.L. 111-8) providing \$300 million for Mexico within the INCLE, ESF, and FMF accounts with not less than \$75 million for judicial reform, institution building, anti-corruption, and rule of law activities. The measure continues human rights conditions similar to those set forth in P.L. 110-252.<sup>35</sup>
- In June 2009, the 111<sup>th</sup> Congress passed the FY2009 Supplemental Appropriations Act, P.L. 111-32, which includes \$160 million in INCLE assistance and \$260 million in FMF for Mexico, \$354 million more than the Administration's request. The \$160 million in INCLE funds can be used to supply the Mexican federal police with items such as fixed and rotary wing aircraft (including three requested Blackhawk helicopters). The \$260 million in FMF funding is for expedited aviation assistance to the Mexican Navy (SEMAR) to enhance air transport ability and aerial surveillance. While the INCLE funds provided by P.L. 111-32 are subject to the same human rights conditions as in P.L. 111-8, the FMF funds provided are not subject to human rights conditions.
- In December 2009, Congress passed the FY2010 Consolidated Appropriations Act (H.R. 3288/P.L. 111-117), which allows for \$210.3 million for Mexico in the INCLE, ESF, and FMF accounts subject to the same human rights conditions as P.L. 111-8. While Congress provided less funding for Mérida-related programs in

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<sup>34</sup> Human rights conditions for Mexico in P.L. 110-252 include (1) improving transparency and accountability of federal police forces; (2) establishing a mechanism to conduct regular consultations among relevant Mexican government authorities, Mexican human rights organizations, and other relevant Mexican civil society organizations, to make consultations concerning implementation of the Mérida Initiative in accordance with Mexican and international law; (3) ensuring that civilian prosecutors and judicial authorities are investigating and prosecuting, in accordance with Mexican and international law, members of the federal police and military forces who have been credibly alleged to have committed violations of human rights, and the federal police and military forces are fully cooperating with the investigations; and (4) enforcing the prohibition, in accordance with Mexican and international law, on the use of testimony obtained through torture or other ill-treatment.

<sup>35</sup> P.L. 111-8 also has a provision requiring that prior to the procurement or lease of aircraft, that the Director of the Defense Security Cooperation Agency, in consultation with the Secretary of State, shall submit to the Committees on Appropriations an analysis of alternatives for the acquisition of all aircraft for the Merida Initiative.

Mexico and Central America than the Administration's FY2010 request, Congress had appropriated significantly more for Mexico than requested in the FY2009 supplemental spending measure, and considered \$254 million of the funds provided in P.L. 111-32 as intended to address in advance a portion of the FY2010 request.<sup>36</sup>

- In late July 2010, Congress passed the FY2010 Supplemental Appropriations Act (H.R. 4899/P.L. 111-212), which includes \$175 million in INCLE assistance for Mexico for “judicial reform, institution building, anti-corruption, and rule of law activities” subject to the same human rights conditions as in P.L. 111-8. These funds for Mexico will not be made available until the State Department submits a multiyear, interagency strategy on how to address the causes of drug trafficking-related violence and organized crime in Latin America and the Caribbean to the Appropriations Committees. It remains to be seen whether the FY2010 supplemental assistance provided for Mexico is “forward funding” intended to address in advance a portion of the FY2011 request.

### *Human Rights Conditions on Mérida Initiative Assistance*

The August 2009 submission of the State Department's human rights progress report for Mexico met the statutory requirement for the release of the FY2008 supplemental and FY2009 regular FMF and IMET funds that had been on hold. Those funds totaled roughly \$88.5 million. Another progress report is soon expected to be submitted to congressional appropriators that would meet the statutory requirements for FY2009 supplemental, FY2010 omnibus, and FY2010 supplemental funding on hold to be released. Those funds on hold total roughly \$36 million.<sup>37</sup>

### *Status of Implementation*

There has been ongoing concern in Congress about the slow delivery of Mérida assistance. On December 3, 2009, the GAO issued a preliminary report for Congress on the status of funding for the Mérida Initiative. By the end of September 2009, GAO found that \$753 million of the \$1.1 billion in Mérida funds appropriated for Mexico as of that time had been obligated by the State Department, but only \$24 million of the funds had actually been spent.<sup>38</sup> Progress has been made in Mérida implementation since the release of the December 2009 GAO report. According to a follow-up report by the GAO that was released on July 21, 2010, approximately \$790.9 million of the \$1.3 billion in Mérida funds appropriated for Mexico as of that time had been obligated (\$669.7 billion) or expended (\$121.2 billion) by March 31, 2010.<sup>39</sup> That total includes approximately \$14 million in new obligations for Mérida programs in Mexico and \$97 million in new expenditures.

<sup>36</sup> In the Joint Explanatory Statement to P.L. 111-117, the conferees direct the Secretary of State to submit a report to within 90 days of the enactment of the act addressing how prior Mérida funds have been used, progress to date, any planned adjustments in the uses of funds, and post-Mérida plans.

<sup>37</sup> Email from State Department official, September 1, 2010.

<sup>38</sup> GAO, *Status of Funds for the Mérida Initiative*, 10-253R, December 3, 2009, available at <http://www.gao.gov/new.items/d10253r.pdf>.

<sup>39</sup> GAO, *Mérida Initiative: The United States has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures*, 10-837R, July 21, 2010, available at <http://www.gao.gov/new.items/d10837.pdf>.



## **New Mérida Initiative Strategy and the FY2011 Budget Request**<sup>40</sup>

Even though the implementation of Mérida-funded programs is likely to continue for several more years, budgetary support for the Initiative as it was originally conceived ended with the FY2010 budget cycle. As a result, the Obama Administration and the Mexican government have agreed to a new strategic framework for security cooperation. The four pillars of the new strategy are outlined in the FY2011 budget request and include 1) disrupting organized criminal groups; 2) institutionalizing the rule of law; 3) building a 21<sup>st</sup> century border; and 4) building strong and resilient communities. In terms of funding priorities, the Administration plans to move away from providing equipment to Mexican security forces to supporting institutional reform programs in Mexico with training and technical assistance. It intends to provide assistance to one or two border cities as U.S. assistance is expanded from the federal to the state and local levels. The FY2011 request included at least \$310 million for these programs: \$292 million in International Narcotics and Law Enforcement (INCLE), \$8 million in Foreign Military Financing (FMF), and \$10 million in Economic Support Funds (ESF).

Congress is still in the process of considering the FY2011 request, but, as previously noted, the FY2010 Supplemental Appropriations Act (P.L. 111-212) included \$175 million funds for judicial reform in Mexico. It remains to be seen whether those funds, which were appropriated under the INCLE account, are considered by appropriators as “forward funding” intended to address in advance a portion of the FY2011 request. If that were the case, it may explain why the Senate Appropriations Committee’s version of the FY2011 Department of State, Foreign Operations, and Related Programs Appropriations Act (S. 3676) appears to include only \$120 million in assistance for Mexico: \$85 million in INCLE, \$25 million in Development Assistance (DA), and \$10 million in ESF. In S.Rept. 111-237, Senate appropriators urge the State Department to devote a larger portion of U.S. assistance to strengthening the capacity of Mexican state and local law enforcement to investigate and prosecute violent crimes.

## **Department of Defense Assistance to Mexico**

Apart from the Mérida Initiative, DOD has its own legislative authorities to provide certain counterdrug assistance. DOD programs in Mexico are overseen by the U.S. Northern Command (NORTHCOM), which is located on Peterson Air Force Base in Colorado, whereas programs in Central America are managed by U.S. Southern Command (SOUTHCOM), which is based in Miami, FL. DOD can provide counterdrug assistance under certain circumstances outlined in Sec. 1004 of P.L. 101-150 as amended through FY2010, and can provide additional assistance to 22 countries as provided for in Sec. 1033 of P.L. 105-85 as amended through FY2010. Under these authorities, DOD counternarcotics assistance to Mexico totaled roughly \$12.1 million in FY2008, \$34.2 million in FY2009, and \$34.5 million in FY2010.<sup>41</sup>

In the FY2006-FY2010 annual Department of Defense (DOD) authorization bills, Congress also provided DOD with authority to train and equip foreign military forces to perform counterterrorism operations. DOD used this “Section 1206” authority, as it is known, to provide a

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<sup>40</sup> CRS Report R41349, *U.S.-Mexican Security Cooperation: the Mérida Initiative and Beyond*.

<sup>41</sup> These figures reflect both “direct” support (e.g., training, equipment, information sharing, infrastructure and other categories) and “indirect” support via DOD and other U.S. Government counterdrug operations (e.g., transportation, communications, intelligence analysis, radar, air and maritime patrol, liaison personnel, and other categories). GAO-10-827.

total of \$13.9 million in counterterrorism training and equipment to the Mexican military in FY2007 and FY2008.

On December 16, 2009, Congress appropriated an additional \$50 million in funding for counternarcotics communication equipment for Mexico in the FY2010 Department of Defense Appropriations Act (H.R. 3326/P.L. 111-118).<sup>42</sup>

### **Related Southwest Border Initiatives and FY2010 Supplemental Appropriations for Border Security<sup>43</sup>**

In March 2009, Secretary of Homeland Security Janet Napolitano announced a set of Southwest border initiatives aimed at (1) guarding against violent crime spillover into the United States; (2) supporting Mexico's crackdown campaign against drug cartels in Mexico; and (3) reducing the movement of contraband in both directions across the border.<sup>44</sup>

Components of the Department of Homeland Security are providing significant assistance to advance those aims. Immigration and Customs Enforcement (ICE) has created eleven Border Enforcement Security Task Forces (BESTs) since 2006, including ten on the Southwest border and one in Mexico City. The task forces serve as platforms for cooperation among local, state, and federal agencies as well as a point of cooperation with Mexico's Secretary of Public Security (SSP). ICE has also coordinated the establishment of Special Investigative Units in Mexico that work with ICE special agents on criminal investigations and prosecutions in such areas as money laundering, human trafficking, and alien smuggling. DHS components such as ICE, Customs and Border Protection (CBP), and the U.S. Coast Guard have longstanding relationships with their Mexican counterparts to jointly disrupt the activities of drug trafficking organizations.

In March 2009, the Department of Justice (DOJ) announced increased efforts to combat Mexican drug cartels in the United States and to help Mexican law enforcement battle the cartels in their own country. Department of Justice components involved in the increased efforts include the FBI, Drug Enforcement Administration (DEA), Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), U.S. Marshals Service (USM), the Department's Criminal Division and the Office of Justice Programs. In October, 2009, agents from several U.S. federal agencies, as well as state and local police, engaged in a joint operation in 38 U.S. cities against La Familia Michoacana. The raid resulted in 300 arrests. On June 10, 2010, Attorney General Eric Holder announced that 2,200 individuals had been arrested in the United States as a result of a 22-month multiagency operation against Mexican DTOs known as "Project Deliverance."

ATF has begun a new intelligence-driven effort known as Gunrunner Impact Teams (GRITs), deployed eTrace firearms tracking technology to Mexico, and beefed up its Project Gunrunner

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<sup>42</sup> Funding for this equipment is listed as "Digital Communications Equipment" on p.352 of the Joint Explanatory Statement for the FY2010 Defense Appropriations Act (H.R. 3326/P.L.-111-118).

<sup>43</sup> For information on U.S. efforts to combat flows of drugs, weapons, and money into Mexico, see the Appendix of CRS Report R41075, *Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence*. For recent funding information, see the Appendix of CRS Report R41189, *Homeland Security Department: FY2011 Appropriations*, coordinated by Chad C. Haddal.

<sup>44</sup> U.S. Department of Homeland Security, "Press Release: Secretary Napolitano Announces Major Southwest Border Security Initiative," March 24, 2009.

program as a part of its efforts to stop the flow of guns into Mexico. (For more see “Weapons Trafficking” section below).

DEA has worked with the Mexican government for decades and has 11 offices in the country. The agency is increasing its agents allocated to the Southwest border field divisions and is forming mobile teams to target Mexican methamphetamine trafficking operations. DEA’s cooperation with Mexico has included Project Reckoning targeting the Gulf Cartel and Operation Xcellerator targeting the Sinaloa Cartel. DEA also is the lead agency at the El Paso Intelligence Center (EPIC), a national tactical intelligence center that emphasizes law enforcement efforts on the Southwest border.

Pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act), the U.S. Department of the Treasury’s Office of Foreign Assets Control targets and blocks financial assets, subject to U.S. jurisdiction, of drug kingpins and related associates and entities. Since October 2009, the U.S. Treasury Department has designated 38 individuals and 16 entities as tied to the illicit activities of the Arellano Felix Organization, the Beltran Leyva Organization, the Sinaloa Cartel, and La Familia Michoacana.

On August 12, 2010, the Senate passed and President Obama signed legislation (H.R. 6080/P.L. 111-230) that will provide \$600 million in supplemental funding to strengthen U.S. border security efforts. That total includes \$394 million for DHS: \$244 million to hire new CBP officers and Border Patrol agents, \$84 million to hire new ICE agents, \$32 million for two unmanned aerial detection systems, \$6 million for bases for Border Patrol agents, \$14 million for communications equipment, and \$8 million to train new law enforcement personnel. The supplemental funds also include \$196 million to support DOJ efforts on the Southwest border. Those funds will enable the creation of seven new ATF Gunrunner units and five FBI Hybrid Task Forces, as well as support additional DEA agents, federal attorneys, prosecutors, and immigration judges. The supplemental funds will also enable the U.S. government to provide increased technical assistance and training for Mexican law enforcement.

### *Money Laundering and Bulk Cash Smuggling*

It is estimated that between \$19 billion and \$29 billion in illicit proceeds flow from the United States to drug trafficking organizations and other organized criminal groups in Mexico each year, and that U.S. and Mexican officials together seize perhaps one percent of that total.<sup>45</sup> Much of the money is generated from the illegal sale of drugs in the United States and is laundered to Mexico through mechanisms such as bulk cash smuggling (the most common method), the Black Market Peso Exchange (BMPE), wire transfers, and prepaid stored value cards. Illicit funds are also placed in financial institutions, cash-intensive front businesses, or money services businesses. The proceeds may then be used by DTOs and other criminal groups to acquire weapons in the United States and to corrupt law enforcement and other public officials.

In 2005, ICE and CBP launched a program known as “Operation Firewall,” which increased operations against bulk cash smuggling in the U.S.-Mexico border region. Since 2005, Operation

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<sup>45</sup> Illicit proceeds estimate is from DHS, *United States-Mexico Bi-National Criminal Proceeds Study*, June 2010. Seizure estimate citation is from William Booth and Nick Miroff, “Stepped up Efforts by U.S., Mexico Fail to Stem Flow of Drug Money South,” *Washington Post*, August 25, 2010.



Firewall has resulted in 679 arrests and 3,946 seizures totaling more than \$302 million.<sup>46</sup> Additionally, in FY2009 alone, CBP seized more than \$37.2 million in southbound currency; this is 270% more than the amount seized in FY2008. Further, in FY2009, over \$17 million in currency was seized as a result of investigatory cooperation between ICE and the Government of Mexico.<sup>47</sup> U.S. efforts against money laundering and bulk cash smuggling are increasingly moving beyond the federal level as well, as experts have recommended.<sup>48</sup> In December 2009, for example, ICE opened a bulk cash smuggling center to assist U.S. federal, state, and local law enforcement agencies track and disrupt illicit funding flows.

The United States and Mexico have created a Bilateral Money Laundering Working Group to coordinate the investigation and prosecution of money laundering and bulk cash smuggling. A recent Bi-national Criminal Proceeds Study revealed that some of the major points along the Southwest border where bulk cash is smuggled include San Ysidro, CA; Nogales, AZ; and Laredo, McAllen, and Brownsville, TX.<sup>49</sup> Information provided from studies such as these may help inform policy makers and federal law enforcement personnel and assist in their decisions regarding where to direct future efforts against money laundering.

### *Weapons Trafficking*<sup>50</sup>

Mexican DTOs have reportedly used “military-style” firearms, including assault weapons. The government of Mexico has estimated that more than 80% of the firearms that have been seized and traced since President Calderón took office originated in the United States.<sup>51</sup> While a significant number of firearms seized by Mexican authorities, some arguably based on “military” designs, have been traced back to the United States in the past few years, only a handful of those firearms have been traced back to U.S. military inventories. Mexican DTOs often obtain their weapons through “straw purchases,” whereby people who are legally qualified to buy the weapons from licensed gun dealers or at gun shows in U.S. border states sell them to smugglers who take them across the border. Illicit firearms are used in conflicts between rival DTOs as well as between the DTOs and the Mexican government, military, and police.

The United States has taken various measures to reduce the illegal flow of weapons into Mexico. One such initiative is Project Gunrunner, led by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). It aims to disrupt the illegal flow of guns from the United States to Mexico and enhance U.S. and Mexican law enforcement coordination. Through another anti-trafficking initiative, ATF maintains a foreign attaché in Mexico City to administer an Electronic Trace Submission System (ETSS)—the eTrace program—for Mexican law enforcement authorities. Additionally, through the Border Enforcement Security Task Force (BEST) Initiative, DHS’

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<sup>46</sup> See testimony by Janice Ayala, Assistant Director, Office of Investigations, U.S. Immigration and Customs Enforcement before the U.S. Congress, Senate United States Senate Caucus on International Narcotics Control, *Drug Trafficking Violence in Mexico: Implications for the United States*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., May 5, 2010.

<sup>47</sup> U.S. Department of State, “United States - Mexico Security Partnership: Progress and Impact,” May 19, 2010.

<sup>48</sup> Douglas Farah, *Money Laundering and Bulk Cash Smuggling: Challenges for the Merida Initiative*, Woodrow Wilson International Center for Scholars, Working Paper Series on U.S.-Mexico Security Cooperation, May 2010.

<sup>49</sup> DHS, *United States - Mexico Bi-National Criminal Proceeds Study*, 2010, p. 4-2.

<sup>50</sup> For more information, see CRS Report R40733, *Gun Trafficking and the Southwest Border*, by Vivian S. Chu and William J. Krouse.

<sup>51</sup> See, for example, Mexican President Felipe Calderon, “Joint Meeting to Hear an Address by His Excellence Felipe Calderon Hinojosa, President of Mexico,” *Congressional Record*, May 20, 2010, p. H3663

Immigration and Customs Enforcement leads Operation Armas Cruzadas, a multi-agency effort to disrupt and dismantle weapons smuggling networks. In addition to these programs, DHS has implemented measures to enhance its outbound/southbound screening procedures including 100% screening of southbound rail shipments.<sup>52</sup> Also, the Customs and Border Protection (CBP) scans license plates along the Southwest border with the use of automated license plate readers.

During his address to the Joint Meeting of Congress on May 20, 2010, Mexican President Calderón asked for increased U.S. cooperation in reducing the illegal flow of weapons across the Southwest border. In particular, he asked Congress to ensure the enforcement of current gun laws as well as to consider a reinstatement of an assault weapons ban.<sup>53</sup> Some argue that reinstating a ban on certain types of weapons may help curb the flow of these weapons into the hands of DTOs and their affiliated gangs and may subsequently reduce the level or severity of violence currently seen in Mexico. Others, however, argue that the DTOs will ultimately circumvent any such measures in order to procure the weapons they desire from U.S. sources or obtain them from other countries.

### *Human Smuggling*

CBP and the Mexican government have partnered through the Operation Against Smuggling Initiative on Safety and Security (OASISS), a bi-lateral program aimed at enhancing both countries' abilities to prosecute alien smugglers and human traffickers along the Southwest border. Through OASISS, the Mexican government is able to prosecute alien smugglers apprehended in the United States. From the time of its inception in 2005 through the end of FY2009, OASISS generated 1,579 cases.<sup>54</sup> This program is supported by the Border Patrol International Liaison Unit, which is responsible for establishing and maintaining working relationships with foreign counterparts in order to enhance border security.

### *Trafficking in Persons (TIP)*

Mexico is a significant source, transit, and destination country for people trafficked for forced labor or sexual exploitation. According to the Mexican government, some 20,000 children are trafficked within the country each year for sexual exploitation. Mexico is also a transit country for Central American TIP victims, among them, an increasing number of child victims. In the State Department's *Trafficking in Persons (TIP) report, June 2010*, Mexico was listed as a Tier 2 country that has taken steps to implement a federal anti-trafficking law passed in late 2007.<sup>55</sup>

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<sup>52</sup> Department of Homeland Security, "Fact Sheet: Southwest Border: Next Steps," press release, June 23, 2010, [http://www.dhs.gov/xabout/gc\\_1240606351110.shtm](http://www.dhs.gov/xabout/gc_1240606351110.shtm).

<sup>53</sup> Mexican President Felipe Calderon, "Joint Meeting to Hear an Address by His Excellence Felipe Calderon Hinojosa, President of Mexico," *Congressional Record*, May 20, 2010, p. H3663. For more information on the assault weapons ban, see archived CRS Report RL32585, *Semiautomatic Assault Weapons Ban*, by William J. Krouse.

<sup>54</sup> Data provided to CRS by DHS Congressional Affairs.

<sup>55</sup> Since 2001, the U.S. State Department has evaluated foreign governments' efforts to combat trafficking in persons in its annual Trafficking in Persons (TIP) reports, which are issued each June. Countries are grouped into four categories according to the U.S. assessment of efforts they are making to combat trafficking. Tier 1 is made up of countries deemed by the State Department to have a serious trafficking problem but fully complying with the minimum standards for the elimination of trafficking. Those standards are defined in the Victims of Trafficking and Violence Protection Act of 2000 (P.L. 106-386) as amended. Tier 2 is composed of governments not fully complying with those standards but which are seen as making significant efforts to comply. Tier 2 Watch List, first added as a category in the 2004 report, is made up of countries that are on the border between Tier 2 and Tier 3. Tier 3 includes those countries whose (continued...)

Mexico recently opened its first shelter specifically designated for trafficking victims, and recorded its first TIP convictions in early December 2009 in a case involving five individuals from Tlaxcala, Mexico accused of trafficking for sexual exploitation.

## Human Rights Issues

According to the State Department's human rights report covering 2009, the Mexican government generally respected human rights at the national level, but serious problems remained.<sup>56</sup> These included unlawful killing by security forces; kidnappings; physical abuse; poor and overcrowded prison conditions; arbitrary arrests and detention; corruption, inefficiency and lack of transparency that engendered impunity in the judicial system; confessions coerced through torture; and threats against journalists leading to self-censorship. In 2009, twelve Mexican journalists died and one disappeared. Societal problems highlighted in the report included domestic violence; trafficking in persons; social and economic discrimination against some members of the indigenous population; and child labor. The report also mentions a report by Mexico's National Human Rights Commission (CNDH) which found that between September 2008 and February 2009, close to 10,000 unauthorized migrants were kidnapped while attempting to transit Mexico and cross the U.S.-Mexico border.<sup>57</sup>

The State Department report maintained that neither the government nor its forces committed any politically motivated killings, but that there were reports that security forces killed several people during the year, including youth. The report asserted that the number of allegations of human rights violations committed by military and police forces engaged in counterdrug efforts brought before Mexico's CNDH increased as compared to 2008. Corruption was reported to be a major problem, particularly at the state and local level, with police involved in kidnapping, extortion, or providing protection for organized crime and drug traffickers. Impunity was pervasive, according to the report, and was a reason that many victims were reluctant to file complaints.

The report provided an update on several pending human rights cases, including the 2006 San Salvador Atenco confrontation between street vendors and state and local police in the state of Mexico and the 2006 killing of Bradley Will, an American filmmaker who was shot while documenting civil unrest in Oaxaca. As of December 2009, none of the 2,500 police officers who had participated in the Atenco operation, which resulted in two deaths and the alleged rape of 47 women by police, had been convicted of any crime. In the Brad Will case, Juan Manuel Martínez Moreno, an antigovernment protestor who was arrested in October 2008 for the crime, remained in custody at year's end as the Mexican Attorney General's Office planned to appeal a federal judge's ruling that the government lacked sufficient evidence to convict him. Mr. Martínez Moreno was subsequently released in February 2010.

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(...continued)

governments the State Department deems as not fully complying with TVPA's anti-TIP standards and not making significant efforts to do so. Tier 3 countries have been made subject to U.S. sanctions since 2003.

<sup>56</sup> U.S. Department of State, *2009 Human Rights Report: Mexico*, March 2010.

<sup>57</sup> Mexico's National Human Rights Commission (CNDH), *Informe Especial Sobre los Casos de Secuestro en Contra de los Migrantes*, June 2009, available at <http://www.cndh.org.mx/INFORMES/Especiales/infEspSecMigra.pdf>.

## **Compliance with Human Rights Conditions in the Mérida Initiative**

Human rights organizations generally lauded the inclusion of human rights conditions in Mérida Initiative appropriations legislation. More recently, however, there have been concerns that Mexico has not been fulfilling the conditions set forth in the legislation. In particular, Mexican and international human rights groups have criticized the Mexican government for failing to hold military and police officials accountable for past abuses.<sup>58</sup> On July 13, 2009, Human Rights Watch issued a statement asserting that “Mexican military courts ... have not convicted a single member of the military accused of committing a serious human rights violation.”<sup>59</sup> The head of the Mexican military’s human rights office held a press conference on July 23, 2009, to dispute those assertions, but reportedly did not provide details on particular cases that had been successfully prosecuted in the military justice system.<sup>60</sup> In late July, a coalition of U.S. and Mexican human rights groups sent a letter to the State Department urging it not to issue a favorable report on the Mexican government’s human rights record.<sup>61</sup>

On August 13, 2009, the State Department submitted a human rights progress report for Mexico to Congress, thereby meeting the statutory requirements for FY2008 supplemental and FY2009 regular funds that had been on hold to be released. While acknowledging that serious problems remain, the report outlined steps that the Mexican government has made to improve police transparency and accountability, consult with Mexican human rights organizations and civil society on the Mérida Initiative, investigate and prosecute allegations of human rights abuses by security forces, and prohibit the use of torture.<sup>62</sup> Human rights groups have criticized the State Department report, and the release of Mérida funds that were on hold. They have urged the State Department not to issue another favorable human rights progress report to Congress until measurable improvements have been made.<sup>63</sup>

## **Accountability for Abuses Committed During the “Dirty War” Period**

During his administration, President Fox pledged to investigate and prosecute those responsible for past human rights violations, including the “Dirty War” period from the 1960s to 1980s. The CNDH presented a report to President Fox in November 2001 that documented human rights abuses and disappearances of persons in the 1970s and early 1980s, and President Fox named legal scholar Ignacio Carrillo in January 2002 as a Special Prosecutor to investigate these and other cases. In November 2006, Ignacio Carrillo presented his final report on the repressive era

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<sup>58</sup> See, for example, Human Rights Watch, *Uniform Impunity, Mexico’s Misuse of Military Justice to Prosecute Abuses in Counternarcotics and Public Security Operations*, April 2009, available at <http://www.hrw.org/en/news/2009/04/29/mexico-hold-military-account-rights-abuses>.

<sup>59</sup> Human Rights Watch, “Mexico: U.S. Should Withhold Military Aid: Rights Conditions in Merida Initiative Remain Unmet,” July 13, 2009, available at <http://www.hrw.org/en/news/2009/07/13/mexico-us-should-withhold-military-aid>.

<sup>60</sup> Booth and Fainaru, August 5, 2009. In November 2009, Mexico’s Secretary of Governance Fernando Gomez Mont said that one soldier had been convicted as of that point in the Calderón Administration. U.S. Department of State, *2009 Human Rights Report: Mexico*, March 2010.

<sup>61</sup> Letter from Amnesty International and Other Human Rights Groups to Secretary of State Hillary Clinton, “Human Rights Concerns to Inform the U.S. Department of State’s Merida Initiative Reporting on Mexico, July 24, 2009.

<sup>62</sup> U.S. Department of State, “Mexico- Merida Initiative Report,” August 2009.

<sup>63</sup> Fundar, et al., “Obama Administration’s Alleged Release of Mérida Funds: A Violation of U.S. Law That Will Encourage Serious Human Rights Violations in Mexico,” August 2009; Washington Office on Latin America (WOLA) et al., “Joint Letter to Secretary of State Hillary Clinton: Human Rights Concerns to Inform the U.S. Department of State’s Merida Initiative Reporting on Mexico,” May 27, 2010.

from the late 1960s to 1982. The report found that the repression was a matter of state policy and led to the summary execution of over 700 Mexicans, torture, and the razing of villages.

The report was praised by some as an acknowledgment of state responsibility. Others remain critical since no one has been convicted of charges relating to these alleged crimes. Only one of the three presidents from this period, Luis Echeverria (1970-1976), is still alive. President Echeverria faced genocide charges for his role in the repression of a 1968 student protest that left dozens dead when he was interior minister. Echeverria tried to evade prosecution by claiming the 30-year statute of limitations had expired. A judge rejected this argument and reinstated the arrest order in November 2006 after he determined that the statute of limitations did not go into effect until Echeverria left public office in December 1976. In July 2007, the Criminal Tribunal absolved Echeverria of any responsibility for the 1968 killings. This ruling was upheld by a Mexican federal court in March 2009, and was criticized by human rights organizations. Amnesty International maintains that the Mexican government is effectively condoning the abuses of the past by not effectively prosecuting past human rights cases.<sup>64</sup>

## Migration

### Trends in Mexican Immigration to the United States<sup>65</sup>

Mexico is the leading country of origin of the legal permanent residents (LPR) population and unauthorized migrant population in the United States. According to the Department of Homeland Security Office of Immigration Statistics (OIS), Mexico was the leading country of origin of legal permanent residents (LPRs) in 2009. While the Immigration and Nationality Act (INA) sets a ceiling on immigration from any one country at 7%, many Mexicans are exempt from the statutory numerical limits as immediate relatives of U.S. citizens. For example, 58% of Mexicans who became LPRs in FY2009 did so as immediate relatives of U.S. citizens. Only 5% of Mexicans who became LPRs in FY2009 were employment-based immigrants.<sup>66</sup> An estimated 3.4 million or 26.9% of LPRs living in the United States in 2008 had emigrated from Mexico.<sup>67</sup> Mexicans made up 62% of the unauthorized aliens living in the United States in 2009 according to estimates based upon the American Community Survey (ACS) of the U.S. Census Bureau. OIS demographers estimated from the ACS that there were 6.7 million Mexican nationals among the estimated 10.8 million unauthorized resident population in 2009.<sup>68</sup>

According to a 2009 report by the Pew Hispanic Center, migration from Mexico to the United States has declined sharply since mid-decade, but there is no evidence of an increase in the number of Mexican-born migrants returning home during this period. This analysis drew on data

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<sup>64</sup> Amnesty International, "Mexico: Hopes of Justice Vanish," March 27, 2009.

<sup>65</sup> Ruth Ellen Wasem, Specialist in Immigration Policy, contributed to this section.

<sup>66</sup> Office of Immigration Statistics, *2009 Yearbook of Immigration Statistics*, U.S. Department of Homeland Security, Washington, DC, 2010, <http://www.dhs.gov/files/statistics/publications/yearbook.shtm>.

<sup>67</sup> Nancy Rytina, *Estimates of the Legal Permanent Resident Population in 2008*, U.S. Department of Homeland Security, Office of Immigration Statistics, October 2009, [http://www.dhs.gov/xlibrary/assets/statistics/publications/ois\\_lpr\\_pe\\_2008.pdf](http://www.dhs.gov/xlibrary/assets/statistics/publications/ois_lpr_pe_2008.pdf).

<sup>68</sup> Department of Homeland Security, Office of Immigration Statistics, *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2009*, by Michael Hoefer, Nancy Rytina, and Bryan C. Baker, 2010. For alternative analyses, see Jeffrey S. Passel and D'Vera Cohn, *A Portrait of Unauthorized Immigrants in the United States*, Pew Hispanic Center, April 14, 2009.



from Mexico's National Survey of Employment and Occupation as well as the U.S. Current Population Survey. The authors concluded: "It remains to be seen whether either trend points to a fundamental change in U.S.-Mexico immigration patterns or is a short-term response to heightened border enforcement, the weakened U.S. economy, or other forces."<sup>69</sup>

## Mexico's Immigration Policies

The Mexican government has actively promoted migrants' rights internationally and the rights of Mexican migrants in the United States, but has been criticized by human rights organizations for failing to adequately protect migrants from other countries who transit its territory. In February 2006, the Mexican Congress approved a concurrent resolution on migration and border security calling for the development of a guest worker program in the United States under the principle of shared responsibility. The resolution commits Mexico to enforcing legal emigration "if a guest country offers a sufficient number of appropriate visas."<sup>70</sup> In the resolution, Mexico also accepts the need to revisit its migration policies to consider enforcement along its northern and southern borders, enforcement of Mexican immigration laws that respect the human rights of migrants, and the need to combat human trafficking. The Mexican government further acknowledges that Mexican workers will continue to emigrate until there are more opportunities in Mexico. The February 2006 resolution remains the most detailed explanation to date of the major principles behind Mexico's policy on immigration. President Calderón expressed similar sentiments on immigration during his address to a joint session of Congress in May 2010.

Mexican officials regularly voice concern about alleged abuses suffered by Mexican workers in the United States, and for the loss of life and hardships suffered by Mexican migrants as they utilize increasingly dangerous routes to circumvent tighter border controls. The Mexican government has been particularly concerned since two Mexican youth were killed by U.S. border patrol agents within a ten-day span, including one youth shot on June 7, 2010 at the El Paso-Ciudad Juárez border crossing.<sup>71</sup> Despite these concerns, Mexico benefits from unauthorized migration to the United States in at least two ways: (1) it is a "safety valve" that dissipates the political discontent that could arise from higher unemployment in Mexico, and (2) it is a source of remittances sent by workers in the United States to families in Mexico.

In addition to serving as a country of origin for immigrants to the United States, Mexico is also a transit and destination country for migrants, the vast majority of whom originate in Central America. Reliable estimates on the number of migrants transiting Mexico on an annual basis are not available, but Mexico's National Migration Service has estimated that some 171,000 migrants transited the country in 2008 (the latest year available), down from roughly 450,000 in 2005.<sup>72</sup> In

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<sup>69</sup> Jeffrey S. Passel and D'Vera Cohn, *Mexican Immigrants: How Many Come? How Many Leave?*, Pew Hispanic Center, July 22, 2009. Similar findings were included in Passel and Cohn, *U.S. Unauthorized Immigration Flows are Down Sharply Since Mid-Decade*, Pew Hispanic Center, September 1, 2010.

<sup>70</sup> The resolution did not specify how many visas would be appropriate, but says that they should include "the biggest possible number of workers and their families." An English translation of the resolution is available at <http://hirc.house.gov/archives/109/Mexico%20Migration%20Phenomenon.pdf>.

<sup>71</sup> Investigations into both incidents are still ongoing. However, U.S. border patrol officials maintain that the agent in El Paso was defending himself against rock throwers who had illegally crossed into the U.S. side of the border. Tracy Wilkinson and Richard A. Serrano, "Mexico Protests Slaying at Border; The Second Such Incident in Two Weeks Occurred When an Agent Opened Fire in Self-Defense, U.S. Says," *Los Angeles Times*, June 10, 2010.

<sup>72</sup> Secretaría de Gobernación (SEGOB), "Informe del Estado Mexicano Sobre Secuestro, Extorsión, y Otros Delitos Cometidos Contra Personas Migrantes en Tránsito por Territorio Mexicano," July 16, 2010.

2009, the Mexican government detained approximately 65,134 migrants, of whom some 60,143 were voluntarily repatriated or deported.<sup>73</sup>

Mexico's immigration policy is generally reflected in the General Population Act and its Regulations.<sup>74</sup> Under a 2008 legislative reform, violations of the immigration statute – such as entering the country illegally or overstaying one's visa – are no longer criminal offenses punishable by imprisonment, but administrative offenses punishable by fines and voluntary repatriation or deportation. The Calderón government secured congressional approval of a law criminalizing human trafficking in 2007 and a measure stiffening penalties for alien smuggling in 2010. An anti-kidnapping law is under consideration in the Mexican Congress. The Mexican government has also improved conditions in some migration detention centers and reduced the time migrants spend in those centers prior to being repatriated or deported.<sup>75</sup> In 2009, government-sponsored "Beta Groups" rescued 3,753 migrants in distress, some of whom were U.S.-bound Mexicans, and others of whom were migrants from other countries.<sup>76</sup>

Despite these measures, Mexican and international NGOs have continued to document abuses against migrants in Mexico which often have included intimidation, physical attacks, sexual violence, and kidnapping. As previously stated, Mexico's CNDH found that between September 2008 and February 2009, close to 10,000 unauthorized migrants were kidnapped while attempting to transit Mexico and cross the U.S.-Mexico border.<sup>77</sup> An increasing percentage of abuses, the most violent case of which resulted in the mass murder of 72 U.S.-bound migrants in Tamaulipas, have been perpetrated by criminal gangs and drug traffickers, sometimes with assistance from public officials.<sup>78</sup> Amnesty International and other human rights organizations have urged the Mexican government to develop an action plan to prevent, punish, and remedy abuses of migrants in Mexico. On August 31, 2010, the Mexican government presented a new strategy to prevent and combat the kidnapping of migrants. The strategy aims to: 1) target the criminal groups that carry out such crimes; 2) harness the efforts of all branches of government to treat victims and punish perpetrators; 3) work with countries of origin and destination to find solutions; and, 4) support the efforts of civil society and human rights commissions to protect migrants.

## **Recent Efforts to Enact Comprehensive Immigration Reform in the United States<sup>79</sup>**

In the 110<sup>th</sup> Congress, the U.S. Senate voted against cloture on the Comprehensive Immigration Reform Act of 2007 (S. 1348) in June 2007, and the measure was not considered after that vote. The bill would have improved border security, established a temporary worker program, and normalized the status of most illegal immigrants in the United States. Mexico has long lobbied for

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<sup>73</sup> Ibid.

<sup>74</sup> Ley General de Población, as amended, D.O., Jan. 7, 1974, latest amendments published in D.O., July, 2, 2010, available at <http://www.ordenjuridico.gob.mx/Documentos/Federal/wo8268.doc>.

<sup>75</sup> Amnesty International, *Invisible Victims: Migrants on the Move in Mexico*, April 2010, available at <http://www.amnesty.org/en/library/asset/AMR41/014/2010/en/8459f0ac-03ce-4302-8bd2-3305bdae9cde/amr410142010eng.pdf>.

<sup>76</sup> SEGOB, op. cit.

<sup>77</sup> CNDH, June 2009, op. cit.

<sup>78</sup> Amnesty International, op. cit.

<sup>79</sup> CRS Report R40501, *Immigration Reform Issues in the 111<sup>th</sup> Congress*, by Ruth Ellen Wasem.

such reforms. Immigration reform legislation also was introduced in the House of Representatives in March 2007. The House measure, the Security Through Regularized Immigration and Vibrant Economy Act of 2007 (H.R. 1645), would have set border and document security benchmarks to be met before normalizing the status of illegal immigrant or the creation of a guest worker program. A variety of other migration-related legislative initiatives were introduced in the 110<sup>th</sup> Congress, but none were enacted.<sup>80</sup>

It is still unclear whether comprehensive immigration legislation will be considered in the 111<sup>th</sup> Congress. During Secretary of State Clinton's March 2009 visit to Mexico, she maintained that "President Obama remains committed to comprehensive immigration reform" and that immigration reform "is and will be a high priority for him and his presidency." On June 25, 2009, President Obama announced the formation of a high-level working group headed by DHS Secretary Napolitano to work with Members from the relevant House and Senate committees that would be drafting immigration legislation.<sup>81</sup> At the North American Leaders Summit in August 2009, President Obama acknowledged that since several of his other major legislative initiatives were still pending, immigration reform was unlikely to occur until early 2010.<sup>82</sup> A bill to enact comprehensive immigration reform was introduced on December 15, 2009, but few observers predicted that it would be taken up prior to the 2010 mid-term elections. President Obama reiterated his support for a comprehensive immigration reform effort during a joint press appearance with President Calderón on May 19, 2010, but also said that he lacked the votes in Congress to move a reform bill forward.<sup>83</sup>

### **Reactions to S.B. 1070<sup>84</sup>**

On April 23, 2010, Arizona enacted S.B. 1070, which is designed to discourage and deter the entry to or presence of aliens in Arizona who lack lawful status under federal immigration law. Potentially sweeping in effect, the measure requires state and local law enforcement officials to facilitate the detection of unauthorized immigrants in their daily enforcement activities. The measure also establishes criminal penalties under state law, in addition to those already imposed under federal law, for alien smuggling offenses and failure to carry or complete alien registration documents. Further, it makes it a crime under Arizona law for an unauthorized alien to apply for or perform work in the state, either as an employee or an independent contractor.

The enactment of S.B. 1070 has sparked significant legal and policy debate. Supporters argue that federal enforcement of immigration law has not adequately deterred the migration of unauthorized aliens into Arizona, and that state action is both necessary and appropriate to combat the negative effects of unauthorized immigration.<sup>85</sup> Opponents argue, among other things,

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<sup>80</sup> For a brief history of U.S.-Mexican migration policies, see Marc R. Rosenblum, "U.S.-Mexican Migration Cooperation: Obstacles and Opportunities," in *Migration, Trade and Development: Conference Proceedings*, Hollifield et al, eds., Federal Reserve Bank of Dallas, 2007.

<sup>81</sup> The White House, Office of the Press Secretary, "Remarks by the President After Meeting with Members of Congress to Discuss Immigration," June 25, 2009.

<sup>82</sup> Karoun Demirjian, "Obama Says Immigration Overhaul Will Slide Until 2010," *CQ Today*, August 11, 2009.

<sup>83</sup> Michael Muskal, "Obama Calls for Help with Immigration Reform," *Los Angeles Times*, May 20, 2010.

<sup>84</sup> Chad C. Haddal, Specialist in Immigration Policy, contributed to this section. For background, see CRS Report R41221, *State Efforts to Deter Unauthorized Aliens: Legal Analysis of Arizona's S.B. 1070*, by Michael John Garcia, Kate M. Manuel, and Larry M. Eig.

<sup>85</sup> Kris W. Kobach, "Why Arizona Drew a Line," *The New York Times*, April 28, 2010, online edition.



that S.B. 1070 will be expensive and disruptive, will be susceptible to uneven application, and can undermine community policing by discouraging cooperation with state and local law enforcement. President Obama publically criticized S.B. 1070, stating that the law threatened “to undermine basic notions of fairness that we cherish as Americans, as well as the trust between police and our communities that is so crucial to keeping us safe.”<sup>86</sup> In part to respond to these concerns, the Arizona State Legislature modified S.B. 1070 on April 30, 2010, through the approval of H.B. 2162.

In the immediate aftermath of S.B. 1070’s enactment, Mexican President Felipe Calderón expressed his disapproval of the measure and stated that it “opens the door to intolerance and hatred.”<sup>87</sup> On April 27, 2010, the Government of Mexico issued travel warnings to Mexicans planning to travel to Arizona and stated that Arizona’s recent immigration changes show “an adverse political atmosphere for migrant communities and for all Mexican visitors.”<sup>88</sup> On May 20, 2010, President Calderón again criticized S.B.1070 during his address to a joint session of Congress by stating that it creates a dangerous precedent of “using racial profiling as a basis for law enforcement.”

While President Obama has remained critical of S.B. 1070, he has also acknowledged the increasing frustration that some states and localities are feeling as a result of the federal government’s failure to tackle immigration reform. President Obama reiterated his support for comprehensive immigration reform effort during a joint press appearance with President Calderón on May 19, but also said that at this time he lacks the votes in Congress to move a reform bill forward.<sup>89</sup> Some analysts have interpreted President Obama’s decision to send 1,200 National Guard troops to the border and to request supplemental funds for border security as designed to gain support for an immigration reform measure from Members of Congress whose top priority is border security.<sup>90</sup>

On July 29, 2010, a federal judge blocked large parts of S.B. 1070, Arizona’s controversial new state law against illegal immigration, from taking effect pending the results of a U.S. Department of Justice lawsuit challenging its constitutionality.

## **Environmental Cooperation<sup>91</sup>**

The U.S.-Mexico border region has been the focal point of bilateral conservation and environmental efforts, and some argue that it is an appropriate place to intensify U.S.-Mexican environmental cooperation.<sup>92</sup> The 2,000 mile border region includes large deserts, numerous mountain ranges, rivers, wetlands, large estuaries, and shared aquifers. According to the Environmental Protection Agency, border residents “suffer disproportionately from many

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<sup>86</sup> Randal C. Archibold, “Arizona Enacts Stringent Law on Immigration,” *The New York Times*, April 23, 2010, online edition.

<sup>87</sup> Sara Miller Llana, “Mexico Issues Sharp Rebuttal to Arizona Immigration Law,” *The Christian Science Monitor*, April 26, 2010.

<sup>88</sup> Martha Mendoza, “Mexico Issues Travel Alert over New Arizona Law,” *The Washington Post*, April 27, 2010.

<sup>89</sup> Michael Muskal, “Obama Calls for Help with Immigration Reform,” *Los Angeles Times*, May 20, 2010.

<sup>90</sup> Jennifer Bendery and John Stanton, “Obama Sends Mixed Messages on Immigration,” *Roll Call*, June 1, 2010.

<sup>91</sup> This section was prepared by Jessica Krowsosi, a CRS Research Associate.

<sup>92</sup> Duncan Wood, “Environment, Development and Growth: US-Mexico Cooperation in Renewable Energies,” Working Paper, May 2010.

environmental health problems, including water-borne diseases and respiratory problems.”<sup>93</sup> The United States and Mexico have been working to address many of these issues through bilateral programs like Border 2012, which relies on local level input, decision-making, and project implementation to address environmental challenges, such as water scarcity.

The United States and Mexico have also been collaborating on geothermal energy projects since the 1970s, but the possibility of expanding joint efforts to produce renewable energy sources has just recently returned to the bilateral agenda. On April 16, 2009, President Obama and Mexican President Calderón announced the Bilateral Framework on Clean Energy and Climate Change to jointly develop clean energy sources and encourage investment in climate-friendly technologies. Among others, its goals include enhancing renewable energy, further exploring the potential of carbon markets, and strengthening the reliability of cross-border electricity grids. On January 26, 2010, the U.S. Department of State hosted the framework’s first bilateral meeting, which was attended by officials from an array of agency officials from both countries. Some maintain that efforts to advance progress under the bilateral framework may hasten as Mexico prepares to host the Sixteenth U.N. Climate Change Conference in Cancún from November to December 2010, while others are less certain.

Many experts have emphasized the mutual benefits that could result for both countries should Mexico and the United States further integrate their renewable energy markets. With the U.S. demand for renewable energy increasing, Mexico could position itself to act as a reliable and somewhat low-cost supplier of wind energy coming from the states of Oaxaca and Baja California. Some also argue that renewable energy projects could promote development in Mexico. They maintain that several USAID-funded energy programs introduced in the 1990s provided new jobs and foreign investment in Mexico.<sup>94</sup> For example, the Mexico Renewable Energy Program (MREP), which was created by USAID in 1994, sought to ensure long-term partnerships with several U.S. and Mexican organizations. When the program was assessed in 1998, it was noted that MREP helped to bring electricity to remote Mexican communities that were not connected to the cross-border electricity grid and significantly improved not only quality of life in the area but also the people’s ability to contribute to the local economy.<sup>95</sup>

## **Trade Issues<sup>96</sup>**

Trade between Mexico and the United States has tripled since the North American Free Trade Agreement (NAFTA) between the United States, Mexico, and Canada entered into force in 1994.<sup>97</sup> The United States is Mexico’s most important customer by far, receiving about 80% of Mexico’s exports, including petroleum, automobiles, auto parts, and winter vegetables, and providing about 50% of Mexico’s imports. The United States is the source of over 60% of foreign

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<sup>93</sup> <http://www.epa.gov/usmexicoborder/framework/index.html>.

<sup>94</sup> Woodrow Wilson Center event, “U.S.-Mexico Cooperation in Renewable Energy: Building a Green Agenda,” May 24, 2010.

<sup>95</sup> Wood, May 2010.

<sup>96</sup> For more information, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

<sup>97</sup> The NAFTA agreement was negotiated in 1991 and 1992, and side agreements on labor and environmental matters were completed in 1993. The agreements were approved by the respective legislatures in late 1993 and went into force on January 1, 1994. Under the agreements, trade and investment restrictions were eliminated over a 15-year period, with most restrictions eliminated in the early years of the agreement.

investment in Mexico, and the primary source of important tourism earnings. Mexico is also the leading country in Latin America in terms of U.S. investment, with the total stock of U.S. investment reaching more than \$120 billion in 2008 before declining in 2009.<sup>98</sup>

While NAFTA has increased Mexican trade with the United States and contributed to rising foreign investment in the country, it has also increased Mexico's dependence on the U.S. economy. In 2009, U.S. imports from Mexico decreased by 18.5% to \$176.3 billion, while U.S. exports to Mexico decreased by 19.6% to \$105.7 billion. U.S. foreign direct investment also fell significantly in 2009. According to Mexico's Central Bank, remittances fell from \$25.1 billion in FY2008 to \$21.1 billion in 2009. As a result of these trends, coupled by declining tourism revenues, the Mexican economy contracted by almost 7% in 2009, the worst performance of any Latin American country. Some have attributed the severity of the crisis in Mexico to a lack of diversification in the country's export markets.

### **Functioning of NAFTA Institutions**

Several NAFTA institutions mandated by the agreements have been functioning since 1994. The tripartite Commission on Environmental Cooperation (CEC) was established in Montreal, Canada; and the Commission for Labor Cooperation (CLC) was established in Dallas, Texas. In addition, the bilateral Border Environment Cooperation Commission (BECC), located in Ciudad Juárez, Mexico; and the North American Development Bank (NADBank), headquartered in San Antonio, Texas, were created to promote and finance environment projects along the U.S.-Mexico border. Following up on a March 2002 agreement by Presidents Bush and Fox in Monterrey, Mexico, to broaden the mandate of the NADBank, Congress agreed in March 2004 to permit the NADBank to make grants and nonmarket rate loans for environmental infrastructure along the border. The NAFTA institutions have operated to encourage cooperation on trade, environmental and labor issues, and to consider nongovernmental petitions under the labor and environmental side agreements.

### **Trade Disputes**

Outstanding trade disputes between the countries include access for Mexican trucks to operate in the United States and access for Mexican tuna to the U.S. market. A longstanding dispute involving sugar and high fructose corn syrup was resolved in 2006.<sup>99</sup>

### ***Trucking***<sup>100</sup>

Since 1995, the implementation of NAFTA trucking provisions has been in dispute. In March 2009, Congress included a provision in P.L. 111-8, the FY2009 Omnibus Appropriations Act, to terminate a pilot program that had allowed Mexican-registered trucks to operate beyond the 25-mile border commercial zone inside the United States. This move prompted retaliation from Mexico, which argued that the U.S. action was protectionist. Mexico imposed tariffs on over 90

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<sup>98</sup> U.S. Embassy in Mexico City, Mexico, "U.S.-Mexico at a Glance: Foreign Direct Investment," June 2009.

<sup>99</sup> For more information on recent trade disputes, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

<sup>100</sup> For further information, see CRS Report RL31738, *North American Free Trade Agreement (NAFTA) Implementation: The Future of Commercial Trucking Across the Mexican Border*, by John Frittelli.

U.S. agricultural and industrial products. The goods accounted for a value of \$2.4 billion in U.S. exports to Mexico in 2007, and most now face Mexican import duties of between 10-20% of their value, although in the case of fresh grapes, a 45% duty was imposed.<sup>101</sup>

Obama Administration officials have repeatedly expressed confidence that a resolution to the current trucking dispute can be found that will satisfy congressional concerns about the safety of Mexican trucks, but still fulfill U.S. market access obligations under NAFTA. Transportation Secretary Ray LaHood submitted a set of principles on how to resolve the issue to the White House in May 2009. President Obama reiterated his commitment to resolving the issue to President Calderón at their August 9, 2009 meeting in Mexico, but did not present a proposal. The FY2010 Consolidated Appropriations Act (P.L. 111-117), signed into law on December 16, 2009, did not include language that was in P.L. 111-8 prohibiting the Department of Transportation from funding a pilot project for Mexican-registered trucks to operate beyond the border commercial zone. In early May 2010, U.S. Trade Representative Ron Kirk reportedly said that the Obama Administration planned to present a proposal for resolving the trucking dispute during President Calderón's May 19-20, 2010 state visit. U.S. officials did not unveil a plan during Calderón's visit and have yet to do so. As a result, Mexico has recently adjusted its list of retaliatory tariffs to affect more goods – 99 products as opposed to 89 products listed before – but a similar overall value of U.S. exports, roughly \$2.5 billion.<sup>102</sup>

## *Tuna*

On tuna issues, the Clinton Administration lifted the embargo on Mexican tuna in April 2000 under relaxed standards for a dolphin-safe label in accordance with internationally agreed procedures and U.S. legislation passed in 1997 that encouraged the unharmed release of dolphins from nets. However, a federal judge in San Francisco ruled that the standards of the law had not been met, and the Federal Appeals Court in San Francisco sustained the ruling in July 2001.

Under the Bush Administration, the Commerce Department ruled on December 31, 2002, that the dolphin-safe label may be applied if qualified observers certify that no dolphins were killed or seriously injured in the netting process, but Earth Island Institute and other environmental groups filed suit to block the modification. On April 10, 2003, the U.S. District Court for the Northern District of California enjoined the Commerce Department from modifying the standards for the dolphin-safe label. On August 9, 2004, the federal district court ruled against the Bush Administration's modification of the dolphin-safe standards, and reinstated the original standards in the 1990 Dolphin Protection Consumer Information Act. That decision was appealed to the U.S. Ninth Circuit Court of Appeals, which ruled against the Administration in April 2007, finding that the Department of Commerce did not base its determination on scientific studies of the effects of Mexican tuna fishing on dolphins.

In late October 2008, Mexico initiated World Trade Organization (WTO) dispute proceedings against the United States, maintaining that U.S. requirements for Mexican tuna exporters prevents them from using the U.S. "dolphin-safe" label for its products. In April 2009, the WTO agreed to

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<sup>101</sup> Christopher Conkey, Jose de Cordoba, and Jim Carlton, "Mexico Issues Tariff List in U.S. Trucking Dispute," *Wall Street Journal*, March 19, 2009.

<sup>102</sup> Stewart M. Powell, "Trucking Dispute Rumbles Toward a Dead End: a Collision of Interests Blocks Progress Toward a Solution," *Houston Chronicle*, August 21, 2010; "New Mexican Retaliatory Tariffs In Trucks Dispute Designed To Spur U.S.," *Inside U.S. Trade*, August 20, 2010.

set up a dispute panel to rule on Mexico's complaint. The WTO panel charged with resolving the dispute has put off making a decision in the case until February 2011.<sup>103</sup>

## North American Cooperation on Security and Economic Issues

In addition to the increased U.S.-Mexican bilateral cooperation that has occurred during the past two decades, trilateral cooperation between the United States, Mexico, and Canada has also increased, particularly since NAFTA took effect. During the second George W. Bush Administration, annual meetings between the North American leaders and their ministers took place within the framework of the Security and Prosperity Partnership (SPP) of North America, established in March of 2005.<sup>104</sup> Through the SPP, which consisted of expanded cooperation and harmonization of policies, the three governments sought to advance the common security and prosperity of their countries. To make this partnership operational, the leaders established ministerial-led working groups to develop measurable and achievable goals in priority areas: competitiveness, smart and secure borders, energy security and environmental protection, food and product safety, and emergency response. Beginning in June 2005, the SPP working groups provided annual reports to the three North American leaders on their work and key accomplishments, with the last SPP report submitted prior to the April 2008 North American Leaders' Summit.

Although President Obama and his counterparts in Mexico and Canada no longer refer to trilateral cooperation as occurring under the SPP initiative, North American cooperation continues to occur on a wide range of economic and security issues. As previously discussed, the most recent North American Leaders' Summit took place in Guadalajara, Mexico on August 9-10, 2009. In addition to important discussions that occurred with respect to combating drug trafficking and preparing for the fall flu season, the leaders produced, among other things, a list of energy deliverables aimed at reducing carbon emissions in North America.<sup>105</sup> The leaders also committed to meet again in Canada later this year.

## Legislation in the 111<sup>th</sup> Congress

### Enacted and Considered Legislation

**P.L. 111-5 (H.R. 1), American Recovery and Reinvestment Act of 2009.** Signed into law February 17, 2009, the measure provides \$220 million for construction for the water quantity program of the International Boundary and Water Commission, United States and Mexico. The measure also provides \$40 million in Department of Justice state and local law enforcement assistance for competitive grants to provide assistance and equipment along the southern border and in high-intensity drug trafficking areas to combat criminal narcotics activity, of which \$10 million is to be transferred to ATF for Project Gunrunner.

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<sup>103</sup> "WTO Panel Delays Ruling In U.S.-Mexico Tuna Labeling Dispute To February," *Inside U.S. Trade*, June 25, 2010.

<sup>104</sup> For more information, see CRS Report RS22701, *Security and Prosperity Partnership of North America: An Overview and Selected Issues*, by M. Angeles Villarreal and Jennifer E. Lake.

<sup>105</sup> The White House, Office of the Press Secretary, "North American Leaders' Declaration on Climate Change and Clean Energy," August 10, 2009.



**P.L. 111-8 (H.R. 1105), Omnibus Appropriations Act, 2009.** Signed into law March 11, 2009. In Division H, the measure appropriates \$300 million for Mexico as a second installment under the Mérida Initiative. Human rights conditions similar to those included in the FY2008 Supplemental Appropriations Act (P.L. 110-252) apply to 15% of the total funds provided, not including assistance for judicial reform, institution building, anti-corruption, and rule of law activities. In Division I, Section 136, the measure prohibits funds in the act from being used for a pilot program granting certain Mexican trucks access to U.S. highways beyond the commercial zone. In the joint explanatory statement for Division B, not less than \$5 million is provided for Project Gunrunner and other firearms trafficking efforts targeting Mexico and the border region.

**P.L. 111-32 (H.R. 2346), Supplemental Appropriations Act, 2009.** Signed into law June 24, 2009, the measure appropriates \$420 million in Mérida Initiative funding for Mexico: \$160 million in INCLE assistance and \$260 million in FMF assistance. Of the \$420 million in FY2009 supplemental assistance to Mexico, 15% of the \$160 million in INCLE assistance is subject to the same human rights conditions set forth in P.L. 111-8, section 7045(e) of Division H. However, the FMF funds appropriated are not subject to human rights conditions. According to the conference report (H.Rept. 111-151), the supplemental measure requires a report from the Secretary of State within 45 days of enactment of the measure detailing actions by the government of Mexico since June 30, 2008, to investigate and prosecute human rights violations by members of the Mexican federal police and military forces. The report also calls for a “thorough, independent, and credible investigation” of the murder of Bradley Will, an American journalist killed while covering a protest in Oaxaca in 2006.

**P.L. 111-84 (H.R. 2647), National Defense Authorization Act for FY2010.** Signed into law October 28, 2009, the measure contains a provision that allows for the Department of Defense to continue providing support for counter-drug activities in Mexico.

**P.L. 111-117 (H.R. 3288), Consolidated Appropriations Act, FY2010,** Signed into law December 16, 2009. In Division F, the measure appropriates up to \$210.3 million in Mérida Initiative funding for Mexico: \$190 million in INCLE assistance, \$15 million in ESF, and \$5.25 million in FMF assistance. Human rights conditions apply to 15% of the total funds provided, not including assistance for judicial reform, institution building, anti-corruption, and rule of law activities. In the Joint Explanatory Statement to P.L. 111-117, the conferees direct the Secretary of State to submit a report to within 90 days of the enactment of the act addressing how prior Mérida funds have been used, progress to date, any planned adjustments in the uses of funds, and post-Merida plans. Apart from the Mérida Initiative, the measure includes \$10 million in DA assistance for Mexico. The measure does not include language prohibiting funds appropriated in the act from being used for a pilot program granting certain Mexican trucks access to U.S. highways beyond the commercial zone.

**P.L. 111-118 (H.R. 3326), Defense Appropriations Act, FY2010,** Signed into law December 19, 2009, the measure appropriates \$50 million in funding for counternarcotics communication equipment for Mexico.

**P.L. 111-212 (H.R. 4899), Supplemental Appropriations Act, 2010.** Signed into law July 29, 2010, the measure includes \$175 million in assistance for “judicial reform, institution building, anti-corruption, and rule of law activities” in Mexico (under the State Department’s INCLE account) and \$5 million in funds for emergency diplomatic security support in Mexico (under the State DC&P account). The INCLE assistance provided is subject to the same human rights conditions as in P.L. 111-8. Funds will also not be made available until the State Department

submits a multiyear, interagency strategy on how to address the causes of drug trafficking-related violence and crime in Latin America and the Caribbean to the Appropriations Committees.

**P.L. 111-230 (H.R. 6080).** Signed into law August 12, 2010, the measure provides \$600 million in supplemental funds for law enforcement efforts along the U.S.-Mexico border. That total includes \$394 million for DHS: \$244 million to hire new CBP officers and Border Patrol agents, \$84 million to hire new ICE agents, \$32 million for two unmanned aerial detection systems, \$6 million for bases for Border Patrol agents, \$14 million for communications equipment, and \$8 million to train new law enforcement personnel. The supplemental funds also include \$196 million to support DOJ efforts on the Southwest border. Those funds will enable the creation of seven new ATF Gunrunner units and five FBI Hybrid Task Forces, as well as support additional DEA agents, federal attorneys, prosecutors, and immigration judges. The supplemental funds will also enable the U.S. government to provide increased technical assistance and training for Mexican law enforcement.

**H.R. 2410 (Berman) Foreign Relations Authorization Act, FY2010 and FY2011.** Introduced May 14, 2009; House Committee on Foreign Affairs held markup and ordered the bill reported (H.Rept. 111-136). House approved June 22, 2009. Title IX, Subtitle A of the bill, as introduced, consists of actions to enhance the Mérida Initiative, including the designation of a high-level coordinator within the Department of State to implement the program; the addition of Caribbean Community (CARICOM) countries to the Mérida Initiative; the establishment and implementation of a program to assess the effectiveness of assistance provided under the Mérida Initiative; within 180 days and not later than December 1 of each year thereafter, a reporting requirement regarding the programs and activities carried out under the Mérida Initiative. Title IX, Subtitle B of the bill would require the President to establish an inter-agency task force on the prevention of illicit small arms trafficking in the Western Hemisphere; increase penalties for illicit trafficking in small arms and light weapons; and express congressional support for the ratification by the United States of the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials (CIFTA).

**H.Amdt. 201 (Peters) to H.R. 2410,** introduced and agreed to on June 10, 2009, provides that the Secretary of State shall report to Congress on the flow of people, goods, and services across the borders shared by the United States, Canada, Mexico, Bermuda, and the Caribbean nations.

**H.R. 5975 (Pryce) Emergency Border Security Supplemental Appropriations Act, 2010.** Introduced July 27, 2010. House approved July 28, 2010. Senate approved with an amendment August 5, 2010. The amended bill was reintroduced as H.R. 6080, which became P.L. 111-230.

**H.Res. 1032 (Chu).** Introduced January 21, 2010; referred to Committee on Foreign Affairs. House approved March 9, 2010. The resolution expresses support for continued U.S. assistance to the Mexican government for fighting drug traffickers and curbing the violence they commit against Mexican and U.S. citizens.

**S. 3676 (Leahy), FY2011 Department of State, Foreign Operations, and Related Programs Appropriations Act.** Introduced July 29, 2010; Senate Appropriations Committee ordered the bill reported (H.Rept. 111-237). The bill includes approximately \$120 million in assistance for Mexico: \$85 million in INCLE, \$25 million in DA, and \$10 million in ESF.

**S.Res. 535 (Dodd).** Introduced May 19, 2010. Senate approved May 19, 2010. The resolution honors President of Mexico, Felipe Calderón Hinojosa, for his service to the people of Mexico, and welcomes him to the United States.

## **Additional Legislative Initiatives**

### **H.R. 495 (Rodriguez)/S. 205 (Bingaman), Southwest Border Violence Reduction Act of 2009.**

H.R. 495 introduced January 14, 2009; referred to the Committee on the Judiciary and the Committee on Foreign Affairs. S. 205 introduced January 12, 2009; referred to the Committee on the Judiciary. Both bills would direct the Attorney General to expand the resources provided for the Project Gunrunner initiative of the Bureau of Alcohol, Tobacco, Firearms, and Explosives to identify, investigate, and prosecute individuals involved in the trafficking of firearms across the international border between the United States and Mexico.

### **H.R. 937 (Filner), Visitors Interested in Strengthening America (VISA) Act of 2009.**

Introduced February 10, 2009; referred to Committee on the Judiciary. The bill would waive certain entry documentary requirements for a non-immigrant child (unmarried and under the age of 16) who is a citizen or national of Mexico and accompanying parent or adult chaperone in instances of medical visits, student groups, and/or special community events.

### **H.R. 1437 (Cuellar), Southern Border Security Task Force Act of 2009.**

Introduced March 11, 2009; referred to Committees on Homeland Security and the Judiciary. Would establish a task force to coordinate the efforts of federal, state, and local border law enforcement officials and task forces to protect U.S. border cities and communities from violence associated with drug trafficking, gunrunning, illegal alien smuggling, violence, and kidnapping along and across the international border between the United States and Mexico.

### **H.R. 1448 (Rodriguez), Border Reinforcement and Violence Reduction Act of 2009.**

Introduced March 11, 2009; referred to Committees on the Judiciary, Homeland Security, and Foreign Affairs. The bill would authorize the Secretary of Homeland Security and the Attorney General to increase resources to identify and eliminate illicit sources of firearms smuggled into Mexico for use by violent drug trafficking organizations and for other unlawful activities by providing for border security grants to local law enforcement agencies and reinforcing Federal resources on the border. It would authorize: \$150 million for FY2010 and each succeeding fiscal year to the Secretary of Homeland Security for a border relief grant program; \$9.5 million for each of FY2010 and FY2011 for Project Gunrunner (an ATF program) and \$15 million for each of FY2010 and FY2011 for Operation Armas Cruzadas (an ICE program).

### **H.R. 1900 (Jackson-Lee), Border Security, Cooperation, and Act Now Drug War Prevention Act.**

Introduced April 2, 2009; referred to Committees on the Judiciary and Homeland Security. The bill would authorize the Secretary of Homeland Security and the Attorney General to provide up to 500 additional DEA, ICE, and ATF agents to a state on a U.S. border.

### **H.R. 2076 (Grijalva), Border Security and Responsibility Act 2009.**

Introduced April 23, 2009; referred to Committees on Homeland Security, Armed Services, and Agriculture. The bill would require the Secretary of Homeland Security, in consultation with other federal, state and local authorities, to submit a new border protection strategy to Congress that, among other measures, would not involve the construction of border fencing.

### **H.R. 2083 (Hunter), Border Sovereignty and Protection Act.**

Introduced April 23, 2009; referred to Committees on the Judiciary, Homeland Security, and Education and Labor. The bill would require the completion of at least 350 miles of reinforced fencing along the southwest border within one year of the enactment of the measure.



**H.R. 3239 (Kirkpatrick).** Introduced July 16, 2009; referred to Committees on Homeland Security and Foreign Affairs. House Committee on Homeland Security ordered the bill reported March 9, 2010. The bill would require the Secretary of Homeland Security, in consultation with the Secretary of State, to submit a report on the effects of the Mérida Initiative on the border security of the United States.

**H.R. 3252 (Hinojosa).** Introduced July 17, 2009; referred to Committee on Financial Services. The bill would authorize the President to agree to an amendment to the agreement between the U.S. and Mexican governments to expand the purposes and functions of the Border Environment Cooperation Commission and the North American Development Bank to allow the Commission to certify, and the Bank to finance, any type of border infrastructure project.

**H.R. 3308 (Schuler)/S. 1505 (Pryor), Secure America Through Enforcement and Verification Act of 2009 or SAVE Act of 2009.** Introduced July 23, 2009; referred to Committees on Homeland Security, the Judiciary, Ways and Means, Education and Labor, Oversight and Government Reform, Armed Services, Agriculture, and Natural Resources. The bill sets forth a wide range of border security and enforcement provisions.

**H.R. 4321 (Ortiz), Comprehensive Immigration Reform for America's Security and Prosperity Act of 2009, CIR ASAP Act of 2009.** Introduced December 15, 2009; referred to Committees on the Judiciary, Homeland Security, Armed Services, Foreign Affairs, Natural Resources, Ways and Means, Education and Labor, Oversight and Government Reform, and Administration. The bill contains both border enforcement and legalization provisions and would attempt to address visa backlogs in the current immigration system.

**H.R. 4759 (Taylor).** Introduced March 4, 2010; referred to Committee on Ways and Means. The bill would provide for the withdrawal of the United States from the North American Free Trade Agreement and would direct the President of the United States to provide the governments of Canada and Mexico with written notice of withdrawal.

**H.R. 4966 (Giffords), Stored Value Device Registration and Reporting Act of 2010.** Introduced April 22, 2010; referred to Committee on Financial Services. The bill would impose new regulations on stored-value devices, a money-transfer mechanism that has been used by Mexican drug trafficking organizations to launder money.

**H.R. 5173 (Tiahrt), Secure the Border Act of 2010.** Introduced April 28, 2010; referred to Homeland Security Subcommittee on Border, Maritime, and Global Counterterrorism on May 5, 2010. The bill would amend the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to require the Secretary of Homeland Security to construct two layers of reinforced fencing along the entire international land border between the United States and Mexico, in addition to providing for the installation of additional physical barriers, roads, lighting, cameras, and sensors along the entire length of the international border between the United States and Mexico and the United States and Canada within two years.

**H.R. 5256 (Kirkpatrick), Southern Border Security Act of 2010.** Introduced May 11, 2010; referred to Homeland Security Subcommittee on Border, Maritime, and Global Counterterrorism on May 13, 2010. The bill would direct the Secretary of Homeland Security (DHS) to hire, train, and deploy 2,000 additional Border Patrol agents along the southwest border of the United States by September 30, 2010, and another 1,500 agents by September 30, 2011.

**H.R. 5357 (Mitchell).** Introduced May 20, 2010; referred to Committee on Armed Services. The bill would provide for the deployment of additional National Guard troops along the U.S.-Mexico border to support the border control activities of CBP and DHS.

**H.R. 5675 (Franks), National Border and Homeland Security Act of 2010.** Introduced July 1, 2010; referred to Homeland Security Subcommittee on Border, Maritime, and Global Counterterrorism July 14, 2010. The bill sets forth a wide range of border security and immigration enforcement provisions.

**H.R. 5836 (Graves), Border Security and Employee Verification Improvement Act of 2010.** Introduced July 22, 2010; referred to Committees on Homeland Security, the Judiciary, and Education and Labor. To provide for improved border security through hiring additional Border Patrol agents and strengthening border fencing and to ensure that employers that participate in the E-Verify Program are not subject to unjustified penalties.

**S. 91 (Vitter).** Introduced January 6, 2009; referred to Committee on Foreign Relations. The bill would reduce the amount of financial assistance provided to the government of Mexico in response to the illegal border crossing from Mexico into the United States.

**S. 339 (Bingaman), Border Law Enforcement Relief Act of 2009.** Introduced January 28, 2009; referred to Committee on the Judiciary. The bill would provide financial aid to local law enforcement officials along the nation's borders. It would authorize \$100 million for each of FY2010 through FY2014 for a border relief grant program run by the Attorney General.

**S. 1190 (Bingaman), Border Law Enforcement Anti-Drug Trafficking Act of 2009.** Introduced June 4, 2009; referred to Committee on the Judiciary. The bill, related to S. 339, would authorize the Attorney General to award competitive grants to local law enforcement agencies and institutions of higher education for combating drug-related criminal activity.

**S. 3077 (Cornyn).** Introduced March 4, 2010; referred to Committee on the Judiciary. A bill to authorize the Secretary of Homeland Security and the Secretary of State to refuse or revoke visas to aliens if in the security or foreign policy interests of the United States, to require the Secretary of Homeland Security to review visa applications before adjudication, and to provide for the immediate dissemination of visa revocation information.

**S. 3273 (Cornyn), Southern Border Security Assistance Act.** Introduced April 28, 2010, referred to Committee on the Judiciary. The bill would authorize the Secretary of Homeland Security to award border security assistance grants to law enforcement entities located in the Southern Border Region to address drug trafficking, smuggling, and border violence and direct the President to appoint additional district judges for Arizona, California, New Mexico, and Texas.

**S. 3332 (McCain), Border Security Enforcement Act of 2010.** Introduced May 7, 2010; referred to Committees on Homeland Security and Governmental Affairs. The bill would direct the Secretary of Homeland Security to implement a comprehensive border security plan to combat illegal immigration, drug and alien smuggling, and violent activity along the southwest border of the United States, particularly in the Tucson and Yuma sectors of Arizona.

**S. 3721 (Schumer).** Introduced August 5, 2010; referred to Committee on Appropriations. The bill would have provided FY2010 supplemental funding for border security efforts offset by increasing application fees for certain types of visas.

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